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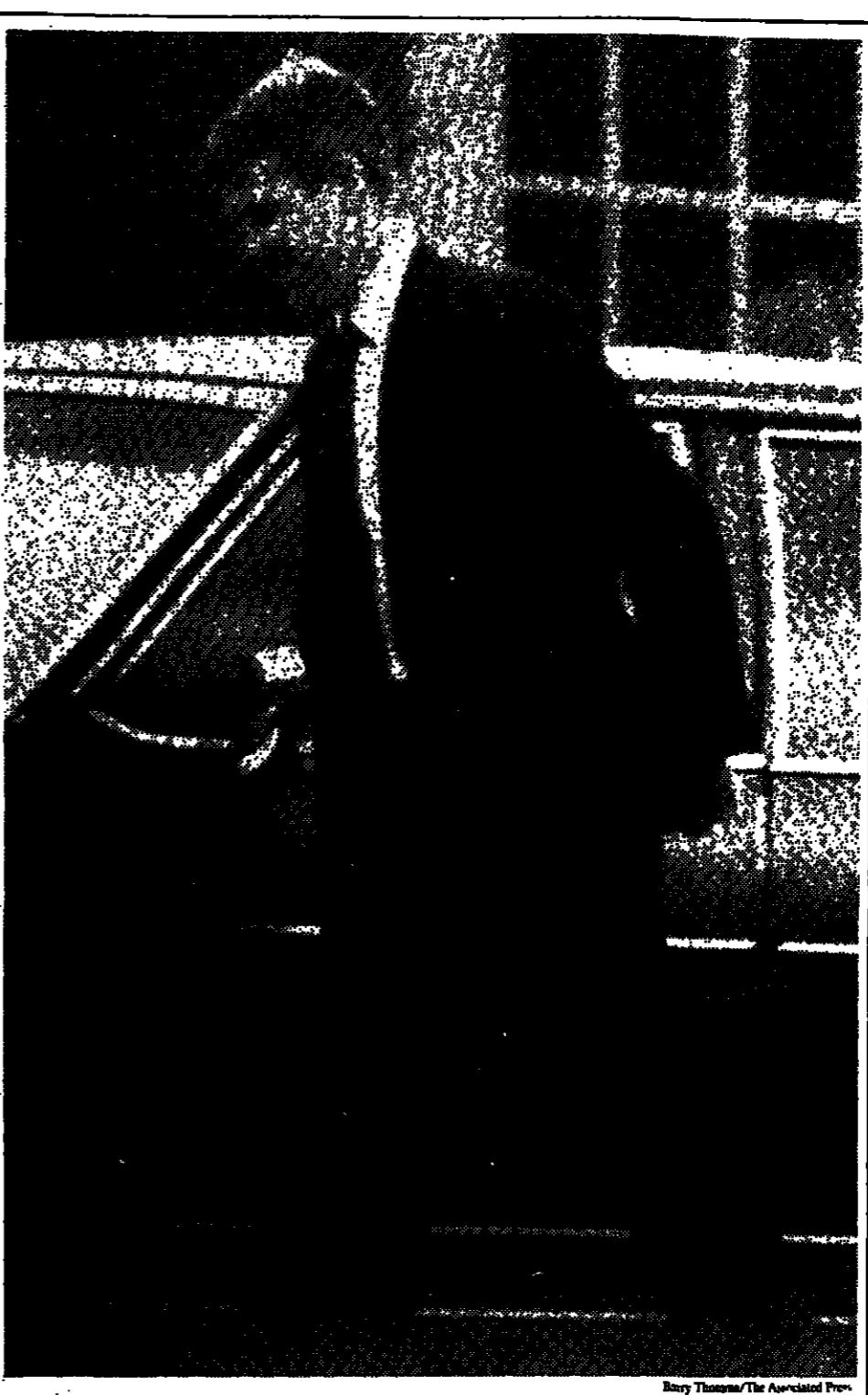
Accord Signed in Nicaragua

Both Sides Agree to 60-Day Truce; Rebels Keep Arms

By Julia Preston... SAGPA, Nicaragua — A de facto truce between the Sandinista government and Nicaraguan rebels...

Shultz-Shevardnadze Talks Leave Major Issues Unresolved

Even though the two sides are divided, Mr. Reagan's spokesman, Marlin Fitzwater, said Thursday that the Moscow meeting would be "quite productive." He said it "will be well prepared; there will be good prospects for success."



NORTH AND 3 OTHERS PLEAD NOT GUILTY — Lieutenant Colonel Oliver L. North leaving his home in Great Falls, Virginia, on Thursday for his arraignment in U.S. District Court in Washington.

World Stocks Decline

Dollar's Drop, Oil Increase Lead To Inflation Fear

NEW YORK — Stock prices in New York and London fell sharply Thursday as a sliding dollar and a surge in oil prices revived worries about inflation and corporate profits.

Saudis Move to Limit Pilgrims

Action Called Necessary During Work at Mecca Shrine

By Youssef M. Ibrahim... PARIS — In a move clearly aimed at Iran, the foreign minister of Saudi Arabia, Prince Saud al Faisal, announced that his country will limit the number of Moslem pilgrims coming to Mecca from other countries for the annual-hajj season that starts in mid-July.

largest group, did not exceed 60,000 last year, Saudi officials noted in recent interviews.

Beijing, Wary of Western Influence, Curtails Study Abroad

By Fox Butterfield... NEW YORK — China plans a drastic reduction in the number of its students abroad, especially in the United States where more than half of them now study, according to Chinese students and press reports.

Ideology Talks Set in Hungary

BUDAPEST (AP) — The Hungarian Communist Party will review its leading role in changing society at the first party conference to focus on ideology in 20 years.



Richard A. Gephardt struggles to stay in the presidential race. Page 3.

Saudis Vow Response if Israel Strikes

By George C. Wilson and David B. Ottaway... WASHINGTON — The Israeli Air Force in recent days has been practicing low-level bombing exercises in an unusually intensive way, leading U.S. intelligence agencies to warn that this could be in preparation for an attack on Saudi Arabia's new strategic missiles, American officials said Thursday.

Bed Rest Can Bode Ill for Patients

By Jane E. Brody... NEW YORK — If you were among the unfortunate victims of the latest strain of influenza or the mysterious virus that has been prostrating people for up to seven days, you may have considered yourself recovered when the virus retreated, enabling you to return to your usual activities.

With Pomp and Charity, Knights Keep Up an Ancient Order

By Barry James... Thirty-six electors will meet in Rome next month to choose a grand master to administer the wealth, mystery and worldly obligations of a state that no longer exists.

Table with 2 columns: Dow Jones, and other market indicators. Includes values like 43.77, 1.67, 1.842, 125.60, 5.6995.

Timbuktu's Lords of the Sahara Are Now Wards of UNICEF

By James Brooke
New York Times Service

TIMBUKTU, Mali — Mohammed Ag Mahamoud, a descendant of the fierce Tuaregs once called lords of the desert, crouched behind a sand dune and weeded his carrots.

For Tuaregs camped on the edges of this ancient Saharan city, domestic days spent in vegetable gardens have replaced glory days spent raiding, trading and collecting taxes at the point of a sword.

The trans-Saharan camel caravans have been largely phased out by long-haul trucks. The last recorded Tuareg raid on a camel caravan took place in 1936. Goat herding, the traditional fallback of the desert nomad, was crippled by severe droughts in 1973 and 1983.

The Tuaregs, the lords of the desert of 19th-century travelogues, are the 20th-century wards of UNICEF, the United Nations Children's Fund.

"I threw away my camel saddle after it dried out a few years ago," Mr. Mahamoud said gloomily after inspecting his plot of carrots, beets, tomatoes and cabbages grown under the guidance of UNICEF workers.

For centuries, blue-robed Tuareg warriors barred the entry of infidels to this medieval city of mud mosques and Islamic scholarship. From 1588 to 1853, 43 European explorers are recorded as having tried to reach Timbuktu. All but four died — either of thirst or at the hands of what chroniclers called the blue men of the desert.

Today, in a measure of their reduced state, thousands of Tuareg refugees owe their survival

to World Vision, a large Christian relief and development agency. At the height of the 1984-85 drought, World Vision provided corn, cooking oil, sugar and powdered milk to half a million Tuaregs.

In Timbuktu, where spear marks on wooden doors bespeak past Tuareg raids, the warriors' descendants camp on the city's outskirts, living on charity.

With the famine emergency over, World Vision and UNICEF closed most of their food supply stations late last year. They are promoting vegetable gardens as a means to wean Tuaregs from public assistance.

"It isn't easy — they are a very proud and noble people who always lived apart in the desert," said John Yale, an American who directs World Vision's relief work in Mali.

Three years after the last drought, seasonal pastureland around many Saharan oases has not recovered. With as much as two-thirds of their livestock killed in the last drought, many of the one million Tuaregs living in Algeria, Mali, Niger and Libya now face a sedentary future.

"With the nomads, you never know, but the pastureland has not come back and they don't have the herds," said Abbas Kader, the mayor of Timbuktu, in an interview.

A frayed blue turban wrapped around his head, Mr. Mahamoud sat recently on a mat in his low desert hut and complained about his new life. "If I get the money to buy camels and goats again, I'm gone," he said.

Looking at his three young children, who have known only the life of a squatter camp, Mr. Mahamoud said that he feared a perma-

nent break in an age-old nomadic cycle: north in the rainy season to Aracouan oasis and south in the dry season to Gourma on the banks of the River Niger.

Responding to old nomadic instincts, Mr. Mahamoud and many other Tuaregs move their huts every year to new locations within the refugee encampments.

Later in the day, the old ways were in evidence in the city as most of Timbuktu's population of 10,000 turned out for camel races; between Tuaregs and their historic ethnic rivals, the Moors. Women dulated, men broke into spontaneous sword dances, and children feasted on the spectacle of dozens of camels racing across the sands.

But one Tuareg observer, Alkomsiah Yatara, a civil servant, said that nature was slowly ending his people's nomadic life. "Some of my relatives are still out there," he said, "but there is a lack of trees, a lack of rain and the desert is spreading."

For centuries, Timbuktu flourished as a river port at the terminus of trans-Saharan caravan routes. In the late 1960s, drifting sand filled in the canals that had linked the city to the River Niger, five miles (eight kilometers) away.

Starting in the 17th century, the trans-Saharan trade in gold and salt entered an irreversible decline. European maritime nations broke a monopoly of Moslem middlemen and started sending ships down the west coast of Africa to trade directly with primary producers.

Until this century, Tuaregs used to tax every boat and camel leaving and entering Timbuktu. Until more recently, Tuaregs raided sedentary southern tribes for slaves.



Mohammed Ag Mahamoud tending carrots outside Timbuktu.

North and Others Plead Not Guilty in U.S. Court

WASHINGTON — Rear Admiral John M. Poindexter and Lieutenant Colonel Oliver L. North, former advisers to President Ronald Reagan, and two businessmen pleaded not guilty Thursday to charges of conspiracy, theft and obstruction of justice in the Iran-contra affair.

The four, making their first court appearance since their indictment March 16, were arraigned in U.S. District Court here before Judge Gerhard Gesell.

Judge Gesell released them on their own recognizance and said they would be required to check in with agents of the court each week by telephone. They were not required to surrender their passports.

The arraignment opened what is expected to be months of tangled legal proceedings before a trial date can be set.

Appearing with Admiral Poindexter, Mr. Reagan's former national security adviser, and Colonel North, a National Security Council aide, were Richard V. Secord, a retired U.S. Air Force major general, and Albert Hakim, his Iranian-born business partner.

If convicted, Colonel North faces a maximum 85 years in prison and \$4 million in fines. Admiral Poindexter faces a 40-year term and \$1.75 million in fines; Mr. Secord, 29 years and \$1.5 million; and Mr. Hakim, 27 years and \$1.25 million.

Each defendant is charged with conspiring to defraud the government by diverting millions of dollars in profits to the Nicaraguan rebels, known as contras, from secret U.S. arms sales to Iran.

CHINA: Study Abroad Curtailed

On the other hand, the passport of another well-known young dissident, Hu Ping, now a graduate student at Harvard, was invalidated last week by the Chinese Consulate in New York, and Mr. Hu was expelled by his work unit in China, the Beijing Academy of Social Sciences. The expulsion is highly unusual and means that in effect he would have no job and no place to live.

Mr. Hu, who won election to a local people's congress on a human rights platform while a graduate student at Beijing University in 1979, is editor of China Spring, a New York-based publication for intellectuals critical of China.

A report by the official China News Service said Mr. Hu had been expelled because he took part in a "hostile reactionary organization that is trying to overthrow the government."

WORLD BRIEFS

Moi Shuffles Cabinet After Elections

NAIROBI (Reuters) — President Daniel arap Moi demoted Vice President Mwai Kibaki and appointed the deputy science and technology minister, Josephat Karanja, to take his place in a cabinet reshuffle, the Voice of Kenya said Thursday.

The radio said Mr. Kibaki, who had been vice president since Mr. Moi came to power 10 years ago, was demoted to minister of health. Mr. Moi decided to dismiss Mr. Kibaki as vice president followed rumors of a rift between the two men. The radio also announced that Industry Minister Robert Ouko had been named foreign minister in place of Zachary Onyaka.

The new cabinet is due to be sworn in Friday. The reshuffle was expected after one-party general elections Monday to choose a new parliament. Political analysts said they were not expecting any major changes in the conservative pro-Western policies of Mr. Moi's government.

11 Japanese Die in China Rail Crash

BEIJING (Reuters) — Eleven Japanese and a Chinese were killed and more than 40 people were injured when two passenger trains collided near Shanghai on Thursday, state television said.

A Japanese Embassy official in Beijing said 193 high school students from the southern Japanese port of Kochi were believed to be on one of the trains, which was traveling to Hangzhou from Nanjing in eastern China.

It was the first major rail accident reported in China since the accidents in January that killed more than 100 people, prompting resignation this month of the rail minister and calls for safety improvements.

Leftists Expected to Win in Gibraltar

GIBRALTAR (Reuters) — Gibraltar voted Thursday in a general election that was widely expected to bring Joe Bossano, the leader of the opposition Gibraltar Socialist Labor Party, to power in the British colony.

Election officials said it appeared that turnout among the colony's 17,000 voters would be at least as high as the 74 percent recorded in the 1984 general election. A public-opinion survey published this week indicated that the governing Association for the Advancing of Civil Rights had only 26 percent support, compared with 63 percent for Mr. Bossano's party.

Mr. Bossano, 48, dismissed an assertion by Adolfo J. Canepa, Gibraltar's chief minister, that Mr. Bossano's opposition to talks between London and Madrid over Gibraltar bring him into conflict with Britain if he came to power. Mr. Bossano has said that he would not continue the talks, which began in 1984 and cover issues including Spain's claim to sovereignty.

Noriega Foe Home After Brief Exile

PANAMA CITY (AP) — Ricardo Arias Calderon, president of the Christian Democratic Party, returned Thursday from a brief exile and rejoined the opposition effort to remove Panama's military leader General Manuel Antonio Noriega.

The return of Mr. Arias Calderon, considered a presidential aspirant in elections scheduled for May 1989, came on the fourth day of a nationwide general strike aimed at ousting General Noriega, head of the 15,000-member National Defense Forces. Mr. Arias Calderon had been demoted into Panama on Feb. 25 after a trip to Miami.

Meanwhile, President Ronald Reagan, speaking to students in Washington, said the United States would not use military force to depose General Noriega and would abide by the Panama Canal Treaty, relinquishing control by the turn of the century. He added: "We're going to be the big colossus of the North once again," entering "smaller neighbors' places of living and business and trying to guide a direct them."

Soviet Patriarch Urged to Step Down

MOSCOW (UPI) — A group of leading Christian dissidents has written a letter to the head of the Russian Orthodox Church asking him to step down "for the sake of the church."

According to Gleb Yakunin, Andrei Bersmenny and other Soviet activists at a press conference here Thursday, Patriarch Pimen, 78, ailing physically and mentally. Their letter, which is respectful in tone requests that the patriarch retire so that a younger leader could "more energetically" pursue greater freedom from state control for the church. A synod of church leaders elects a patriarch for life, but may remove him if it chooses.

Mr. Yakunin said that recent concessions by the state to the church "encouraging" but require "more youthful leadership from the church order to continue." The letter said: "We are obliged to tell you the truth. You, your holiness, are so weakened by your illness that you are in a condition to bear the burden of your patriarchal duties."

For the Record

Jean-Luc Dehaene, the mediator trying to forge a new Belgian government after inconclusive elections Dec. 13, was relieved of his mission Thursday, and King Baudouin will start consultations on how to resolve the government crisis.

TRAVEL UPDATE

Landslide Blocks Ukrainian Railroad

MOSCOW (Reuters) — A huge landslide has blocked road in international rail links from the western Ukrainian city of Lvov. It reported on Thursday.

Soldiers were helping to clear communications between Lvov and Uzhgorod near the border with Czechoslovakia. The falls of earth stretched for 350 meters (about 600 yards), and in places were as high as 10-story buildings, the news agency said.

Channel traffic remained stacked up at French ports Thursday, with only one ferry, with a British crew, was in operation between Calais and Dover as seamen of the French ships in the Sealink line continued weeklong strike. On the other side of the Channel, about 2,200 employees of P&O European Ferries have been striking for seven weeks.

DOONESBURY



REST: For Most Patients, Too Much Recovery Time in Bed Can Bode Ill

(Continued from Page 1)

Research at St. Louis University's School of Nursing.

System by system, these are among the major effects of bed rest:

- Shifts in various body fluids occur. A patient starts losing more body fluid than usual the first day, with a loss of about 20 ounces (590 milliliters) by the second day. This fluid loss is a major factor in the temporary but often dramatic weight loss that can occur in an illness. Along with the lost fluid, sodium and chloride (the ions of salt) are lost immediately. More prolonged bed rest also causes a loss of potassium.

- The blood also changes. A patient already may be aware of the increased risk of blood clots associated with bed rest. That is why hospital patients are given elasticized hosiery, which helps squeeze leg veins the way the muscles do when a person stands. After eight days in bed, blood clots faster than usual. The most likely cause of clots is compression of the vessels in the lower legs by the weight of the legs on the bed.

- The pressure exerted on certain areas of the body also can cause bedsores. These result when someone in bed does not move or is not shifted frequently.
- There may be heart and lung effects. When a person is lying on his back, his lungs change position. Combined with the increased pressure of the abdomen against the diaphragm, this change makes it more difficult to breathe. After three weeks of bed rest, the lungs take in about 26 percent less oxygen. The impaired gas exchange can contribute to fatigue.

- Calcium and bone changes may result. The well-known calcium losses in astronauts dramatically illustrate the devastating effects on bone of a lack of gravity. After two to four days in bed, the body starts losing calcium. Fewer new bone cells form and more old bone cells are destroyed. In bed rest, there is as much as a tenfold increase in the loss of minerals like calcium and phosphorus from the central part of the bones.

- The patient's immunity weakens. Ironically, while a patient is resting in bed trying to recover from one ailment, changes in the body's natural defenses make him more susceptible to other ailments. After two to three weeks in bed, white blood cells are less able to capture microorganisms, and the most important antibodies defending the patient against infectious organisms — immunoglobulins G — are destroyed at double the normal rate. As a result, disease-causing organisms, such as staphylococci, can multiply 10 to 100 times faster than normal.

- There are effects to the digestive tract. Loss of appetite and constipation are common among those confined to bed. Without the muscular stimulation of the digestive tract normally provided by activity, the feces can become impacted in the bowel.

- Mental effects are possible. An overworked adult may think it sounds wonderful to spend a week or two in bed, forced to be inactive, but the emotional effects can be devastating. This is especially so when a once-independent person becomes helpless. Anger provoked by the limitations, including hostility toward those taking care of the patient, is common.

- The effects of rest do not end with the illness. Just as the body had to adjust to being recumbent, it must readjust to an upright posture. This is best done gradually, keeping in mind that strength and balance are not what they were before the illness. Even sitting up can cause dizziness, dim vision and fainting, as the pooled blood leaves the brain. The skin on the bottom of the feet may hurt and it may take several days before the feet feel comfortable sustaining the body.

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2 Jailed Radicals Ailing, China Says

BEIJING — Two of China's disgraced "Gang of Four" including the widow of Mao Zedong, are ill but remain in prison where they have been since 1976, a government official said Thursday.

Jiang Qing, 74, the actress who married Mao and was blamed for many of the excesses of the Cultural Revolution, and her ally, Zhang Chunqiao, 77, were described as being treated for ailments "linked to advanced age."

ACCORD: Both Sides Agree to 60-Day Cease-Fire

(Continued from Page 1)

station on the border with Costa Rica, to be present at the signing. He shook hands with Mr. Calero and the rest of the rebel delegation. According to the agreement, broader negotiations "to put an end to the war" will begin April 6. The agreement also includes terms to guarantee freedom of expression, permit the return of exiles and allow the participation of rebel fighters in civilian politics.

"Today we have buried forever the military conflict, strengthening instead our political conflict," President Ortega said. "This is a great challenge for all Nicaraguans, and it is the moment to invite Mr. Ronald Reagan to sign our peace accord."

Under the accord, the rebels will pull back their forces into cease-fire zones to be arranged in technical talks between the two sides beginning Monday in Sapoa.

Managua agreed to grant a gradual general amnesty for an estimated 3,500 political prisoners, including those convicted of collaborating with the contras, as well as for former members of the National Guard of Anastasio Somoza, the former Nicaraguan ruler. The first 100 prisoners are to be freed Sunday.

Half of the political prisoners who were convicted for helping the contras will be freed when rebel fighters arrive in the designated zones. The rest will be freed when a final cease-fire accord is signed.

The contras agreed that while in the cease-fire zones they would accept only nonmilitary aid administered by a neutral organization. The government agreed to guar-

antee complete freedom of expression.

Once the contras are in the zones, they will be allowed to send delegates to participate in the so-called national dialogue now under way in Managua between the government and opposition parties.

One topic to be discussed in that dialogue is "reconsideration" of the government's mandatory two-year military draft.

Any rebels who choose to lay down their weapons and any exiles who return to Nicaragua will be allowed to participate in the elections for a Central American parliament and for municipal and national representatives, as specified in the 1987 Nicaraguan Constitution.

A commission headed by Cardinal Miguel Obando y Bravo, the Roman Catholic primate of Nicaragua, and João Baena Soares, secretary-general of the Organization of American States, will oversee compliance of the accord.

The unexpected breakthrough brightened prospects for a lasting peace only a week after Sandinist troops sparked a crisis by raiding rebel positions and allegedly crossing into Honduras.

In the Sapoa talks, unlike in four previous rounds held since December, the breakthrough was attributed to the top leaders with decision-making power being face-to-face on Nicaraguan soil.

A Sandinist negotiator explained that Managua's interest in reaching an agreement was simple: "We want to end the war."

The Sandinists do not admit to feeling hurried on the battlefield.

Measured U.S. Support

In Washington, Secretary of State George P. Shultz said Thursday that the cease-fire accord was "an important step forward" and that there was "no excuse" for any additional East-bloc weapons deliveries to the Sandinist government. The Associated Press reported.

Mr. Wright, the House speaker, hailed the pact as "a new chapter in the unhappy history of that war-torn country."

The Texas Democrat said he envisioned quick action in Congress on "some minimal something that both sides can wholeheartedly embrace."

"For heaven's sake," he said, "if the Nicaraguans, who have been shooting at each other, can agree, then surely Republicans and Democrats can agree."

Mr. Shultz urged Congress to approve additional aid to the contras immediately.

Afghan Talks Stymied By U.S.-Soviet Dispute

By Paul Lewis
New York Times Service

GENEVA — The UN-mediated Afghan peace talks here appeared in serious difficulty Thursday after the United States and Soviet Union failed to resolve a crucial dispute during talks Wednesday in Washington.

As a result, officials say, there is little chance that Pakistan will be able to sign a peace treaty with the Communist government in Kabul providing for the withdrawal of the estimated 115,000 Soviet troops during this round of the Geneva talks, as had originally been hoped.

The main obstacle to a signing was the inability of the U.S. secretary of state, George P. Shultz, and Edward A. Shevardnadze, the Soviet foreign minister, to agree to a joint cutoff in military aid to Kabul and the Afghan guerrillas when a peace treaty comes into effect.

Mr. Shevardnadze again refused to suspend aid to Kabul in return for a U.S. cutoff of assistance to the guerrillas. As a result, both the United States and Pakistan say they will not agree to make peace.

Pakistan negotiates in Geneva on behalf of the Afghan guerrillas, or mujahidin, who have been battling the Kabul regime and Soviet troops for the past nine years. In addition to providing the mujahidin with bases, Pakistan also channels military supplies to them, most of which are provided by the United States.

The practical result of this is that Kabul's negotiating stance at Geneva is largely controlled by Moscow, while that of Pakistan is influenced by the United States.

Mr. Shultz and Mr. Shevardnadze may still be able to resolve the dispute over military aid at the meetings they plan to hold next month and in May to prepare for the Moscow summit meeting, officials say.

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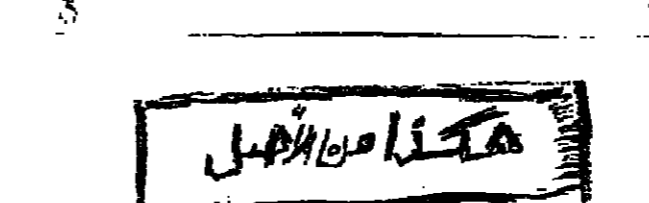
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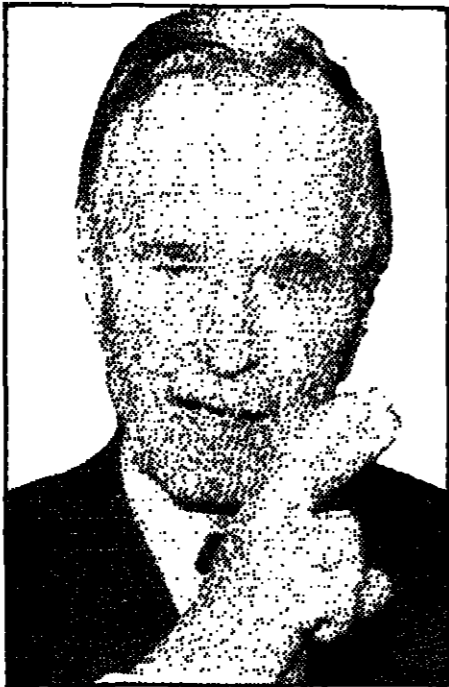
CAMPAIGN BASICS / George Bush

The Race So Far

Despite a huge campaign organization and treasury, he lost the first test in the Iowa caucuses to Senator Bob Dole. Battled back to win the New Hampshire primary and swept primaries in the South. Appears to have a lock on the Republican nomination, a long sought goal. Currently has 788 delegates of 1,139 needed to win.

Profile

Republican. Age 63. Vice president since 1981. Former oil executive, CIA director, chief of U.S. liaison office in China. U.S. representative at the United Nations. Republican national chairman. Two terms in the House of Representatives from Texas. Navy bomber pilot shot down in World War II. Father was a U.S. senator from Connecticut. Often speaks in punchy sentence fragments. Jogs. Known for his political loyalty. As a presidential candidate in 1980, called Ronald Reagan's broad tax-cut plan "voodoo economics."



Verbatim

"I'd like to be the education president. See, I believe as I look into the future — our ability to compete around the world, our ability to solve problems of poverty that are unsolved in this country, our ability to get people the information they need on this deadly new disease facing the country, AIDS — whatever it is, education has got to be the priority. Better schools mean better jobs. □ My philosophy, compared to most of these Democrats over there, is a market philosophy: Expand our markets abroad. And I don't think any person running for president — Republican or Democrat — would have a better chance to do that than I, because I know these world leaders and I've talked to them in the EC and elsewhere. □ I want to be the fellow to hold the line on the taxes, and the way to do it is to discipline the Congress, not the American people. . . . Give the president the line-item veto and we can control the deficit without raising taxes. □ Keep this country strong, stand up for freedom. I've been to 74 countries as your vice president, met most of the world leaders. And I believe that we're at a threshold now. Having met Mr. Gorbachev now several times — I saw him clearly as the American people now see him. Very different but still very tough, very strong. . . . I want to see us extend peace and freedom, see us accomplish more with the Soviet Union if we can do it in a way that is totally verifiable. I don't trust them but I think we should enter into agreements where the verification is such that we can enhance the peace. And I think I'd be better at that, frankly, than anybody else running for president."

On the Issues

Foreign Policy: Supports contra aid and would aid "freedom fighters" in regional conflicts against Marxism. Sees main goal in Central America as maintaining and establishing democracies. Says the Cuban missile crisis opened the way for Cuba to become a "staging ground for Soviet imperialism." Says "we will never abandon Israel's people." Says the effects of current U.S. sanctions against South Africa have been "marginal to negative." Wants banks to write off part of their Third World loans.

Defense/Arms Control: Supports INF Treaty.

ty, modernization of U.S. conventional forces, U.S.-Soviet talks aimed at a 50-percent cut in strategic nuclear missiles, a ban on chemical and biological weapons if verifiable, funding a mobile MX missile. Favors Strategic Defense Initiative research but believes decision on deployment need not be made until 1990s. Would pressure the Soviet Union to cut conventional forces, and would consider U.S. troop reductions if it resulted in equal levels of East-West conventional forces in Europe. Wants a streamlined appropriation process to ensure long-term funding for the military. Sees advantages in the single-warhead Midgetman missile but notes that it is expensive.

Budget/Economy/Taxes: Opposes tax increases. Favors a four-year freeze on government spending, allowing most programs to expand only to keep pace with inflation. No further Pentagon cuts and no cuts in Social Security. Would spend more on education, AIDS research, drug enforcement and space but has not said which programs would be cut. Supports a constitutional amendment requiring a balanced federal budget and authority for the president to veto single items in the budget. Would restore tax breaks for oil and gas exploration and capital gains income. Favors coordination of the economies of industrial nations.

Trade: Says he backs free trade and opposes mandatory tariffs and quotas. Would use "aggressive negotiation" and strict law enforcement to protect textile industry from unfair competition. Favors expanding exports and encouraging trading partners to expand their economies. Would seek a free-trade agreement with Mexico like the one signed with Canada. Pledges not to impose a grain embargo on the Soviet Union or use food as a political weapon.

Domestic Policy: Wants to boost spending on research and development. Proposes tax-free college savings bonds and deferred-tax accounts for college savings. Would continue grants for low-income college students. Would push the use of corn to make ethanol fuel.

Compiled by Paul Horvitz

Senate Panel Clears Way for INF Treaty Approval

By Helen Dewar
Washington Post Service

WASHINGTON — The Senate Foreign Relations Committee has defeated efforts to attach potentially crippling amendments to the INF Treaty and has put the U.S.-Soviet agreement to ban intermediate-range nuclear missiles on track for final committee approval on Tuesday.

Several "killer" amendments remain to be considered, but the panel made clear in several lopsided votes Wednesday that it would resist moves that could unravel the treaty signed in December by President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader.

The committee action left a Democratic proposal to prevent

presidents from reinterpreting treaties without Senate consent as the only provision likely to be adopted. Senator Robert C. Byrd of West Virginia, leader of the majority Democrats, said in a speech earlier this week that such a provision must be adopted.

The agreement to bring the treaty to a committee vote on Tuesday followed nearly two months of hearings and an acrimonious morning session during which Senator Jesse Helms of North Carolina, the top-ranking Republican on the Foreign Relations Committee and the Senate's leading opponent of the INF pact, drew little support for further discussions.

At one point, Senator Richard G. Lugar of Indiana, a Republican

who backs the treaty, accused Mr. Helms of "gratuitous" attempts to modify the treaty and said his tactics were "ridiculous" and "very disagreeable."

Mr. Helms retorted angrily: "I want to challenge you on the business of being ridiculous. We could go back to South Africa and some of your stands, and we can talk about what's ridiculous." The reference was to Mr. Lugar's support for sanctions two years ago against that nation's apartheid policies.

At another point, Mr. Helms left the hearing room when the committee chairman, Senator Claiborne Pell, Democrat of Rhode Island, tried to force a vote on one of the Helms proposals by noting that a quorum was present. Not "when I

go out the door," declared Mr. Helms as he departed.

Mr. Lugar and Senator Alan Cranston, Democrat of California, later suggested that Mr. Helms, by offering amendments seen as part of strategy of delay, is trying to upset the arms reduction process, including the Reagan-Gorbachev summit meeting scheduled in Moscow for May 29.

But after a lunch break, Mr. Helms agreed to the schedule for final committee votes on Tuesday, a move interpreted by other panel members as indicating that he probably will stage his major fight on the Senate floor. The full Senate is expected to consider the treaty after its Easter recess next month.

Mr. Lugar and most other Republicans joined all committee Democrats in voting against proposals

by Mr. Helms and Senator Larry Pressler, Republican of South Dakota, that critics said would force renegotiation of the treaty, possibly prompting new Soviet demands for concessions.

Mr. Helms's proposal to exempt nonnuclear cruise missiles from the treaty was rejected, 12 to 3, with Senator Frank H. Murkowski, Republican of Alaska, joining him

and Mr. Pressler in voting in favor. Other Helms proposals, to ban short-range Soviet SCUD-B missiles, and flight-testing of strategic weapons at intermediate-range levels were defeated, with only Mr. Helms and Mr. Pressler voting yes.

Mr. Pressler's proposal to tie treaty implementation to achievement of parity in U.S. and Soviet conventional military forces was defeated, 15 to 2.

LaRouche Is Granted U.S. Campaign Funds

Compiled by Our Staff From Dispatches

WASHINGTON — The Federal Election Commission agreed on Thursday to grant federal matching funds to the 1988 presidential campaign of the political extremist Lyndon H. LaRouche Jr.

Mr. LaRouche is on trial in Boston, charged with conspiracy to obstruct a grand jury investigation into alleged credit card fraud and other irregularities in his 1984 presidential campaign.

The commission, on a 5-to-1 vote, said that Mr. LaRouche had fulfilled the requirements for eligibility to receive matching funds. It granted an initial payment of \$100,000.

To be certified for matching funds, a candidate must raise \$100,000 across 20 states in individual contributions of \$250 or less. After becoming eligible, candidates can receive matching funds

for each contribution of \$250 or less that they raise privately.

Commissioner Joan D. Aikens, voting against the majority, said that a survey by the commission of LaRouche contributors raised "a question of patent irregularity" in fund raising. But Commissioner Scott E. Thomas said that there was not enough evidence to deny certification.

A survey by the audit staff had found that several people whose checks ended up in Mr. LaRouche's 1988 campaign fund had not intended to contribute to his campaign.

Mr. LaRouche espouses eccentric theories of world conspiracies and is the leader of an organization that regards Queen Elizabeth II of Britain as a drug smuggler and Henry A. Kissinger, the former U.S. secretary of state, as a Soviet agent. He has proposed a quarantine on AIDS patients. (AP, UPI)

Poll Shows Bush Hurt by Doubt on Iran-Contra Role

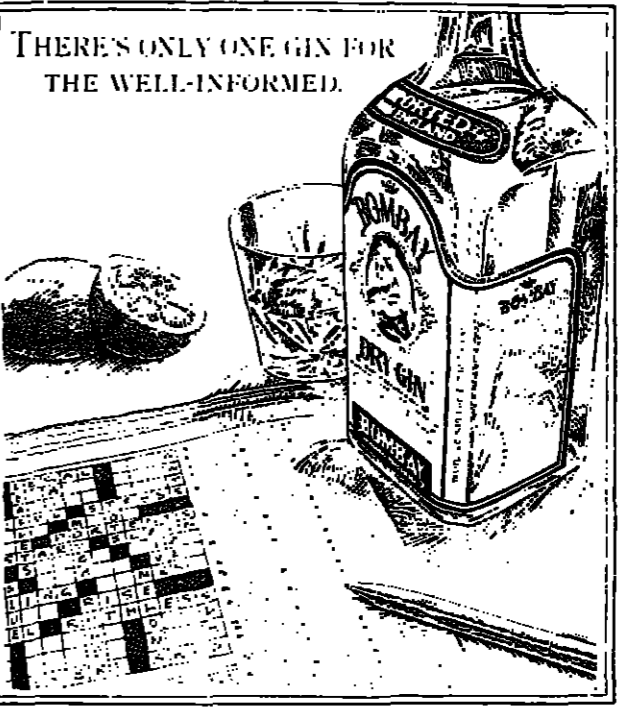
Washington Post Service

WASHINGTON — The Iran-contra affair may have a profound impact on the presidential prospects of Vice President George Bush, according to a Washington Post-ABC News poll.

The public opinion survey showed that the affair appears to have hurt Mr. Bush among two groups he needs to win the White House: Democrats who voted for President Ronald Reagan in 1984 and independents.

According to the survey, more than half of Americans believe that Mr. Bush is lying about his role in the affair, while only a third believe him and the rest are undecided.

A third of the registered voters who were polled said they were less likely to vote for Mr. Bush because of his role in the affair. Forty-five percent of Democrats, as well as 16 percent of Republicans, said they were less likely to vote for him because of it.



THERE'S ONLY ONE GIN FOR THE WELL-INFORMED.

From Iowa to Michigan — Downhill Gephardt, Early Leader, Scrambles to Keep Bid Alive

By Paul Taylor
Washington Post Service

MARQUETTE, Michigan — Six weeks ago, Representative Richard A. Gephardt was the hottest Democratic presidential candidate in the land. Today, he is scrambling to stage what will be either his last stand or his second rebirth.

What has happened to Mr. Gephardt these past six weeks is, in microcosm, the saga of a Democratic nomination contest that refuses to unfold according to generally accepted practices.

"It might have been nice if somebody had told us beforehand," one of his top aides mused the other day, "that this year Iowa was going to turn out to be worth Idaho."

Mr. Gephardt, the winner in the Iowa caucuses, did not discover that reality until it was too late. He campaigned an unprecedented 140 days in Iowa, operating from the dictum, widely held until now, that if a long shot can break out of the pack in the first state to vote in the delegate selection process his next big problem will be finding a running mate.

Mr. Gephardt did indeed break out in Iowa, climbing from a 6 percent standing in a Des Moines Register public opinion survey in mid-December with what most of his opponents acknowledged was a superbly executed monthlong, finishing thrust of populist, nationalist, anti-establishment speech-making, effective television commercials and lots of grass-roots organizing.

And what has he gotten for his troubles? Nothing but trouble. In the weeks after Iowa, three of his rivals — Senator Paul Simon of Illinois, Governor Michael S. Dukakis of Massachusetts and Senator Albert Gore Jr. of Tennessee — bombarded him with negative television commercials, attacking him for flip-flopping on the issues.

These assertions were reinforced by scores of news reports, all saying pretty much the same thing. "He's really gotten a rough ride from the media," said Robert Lichter, a media analyst who has been studying campaign coverage

by network news. "He is the only Democratic candidate whose coverage has been primarily negative at every stage of the campaign. "Television loves the flip-flop story. They can dig out old file footage. He said this. Now he said that. They can really zap you."

Mr. Lichter added that Mr. Gephardt was vulnerable not only because he had changed his positions on abortion, tuition tax credits, the minimum wage and other issues, but also because his campaign image was seen by many journalists as lacking authenticity.

Mr. Gephardt agreed with many of those observations, and expressed little bitterness. "The press rightfully tries to test the front-runner, and I have no problem with that," he said.

The one thing that does irritate him, Mr. Gephardt said, is that in recent weeks Mr. Gore and Mr. Dukakis have begun picking up elements of his populist message and seem to be getting praise for it.

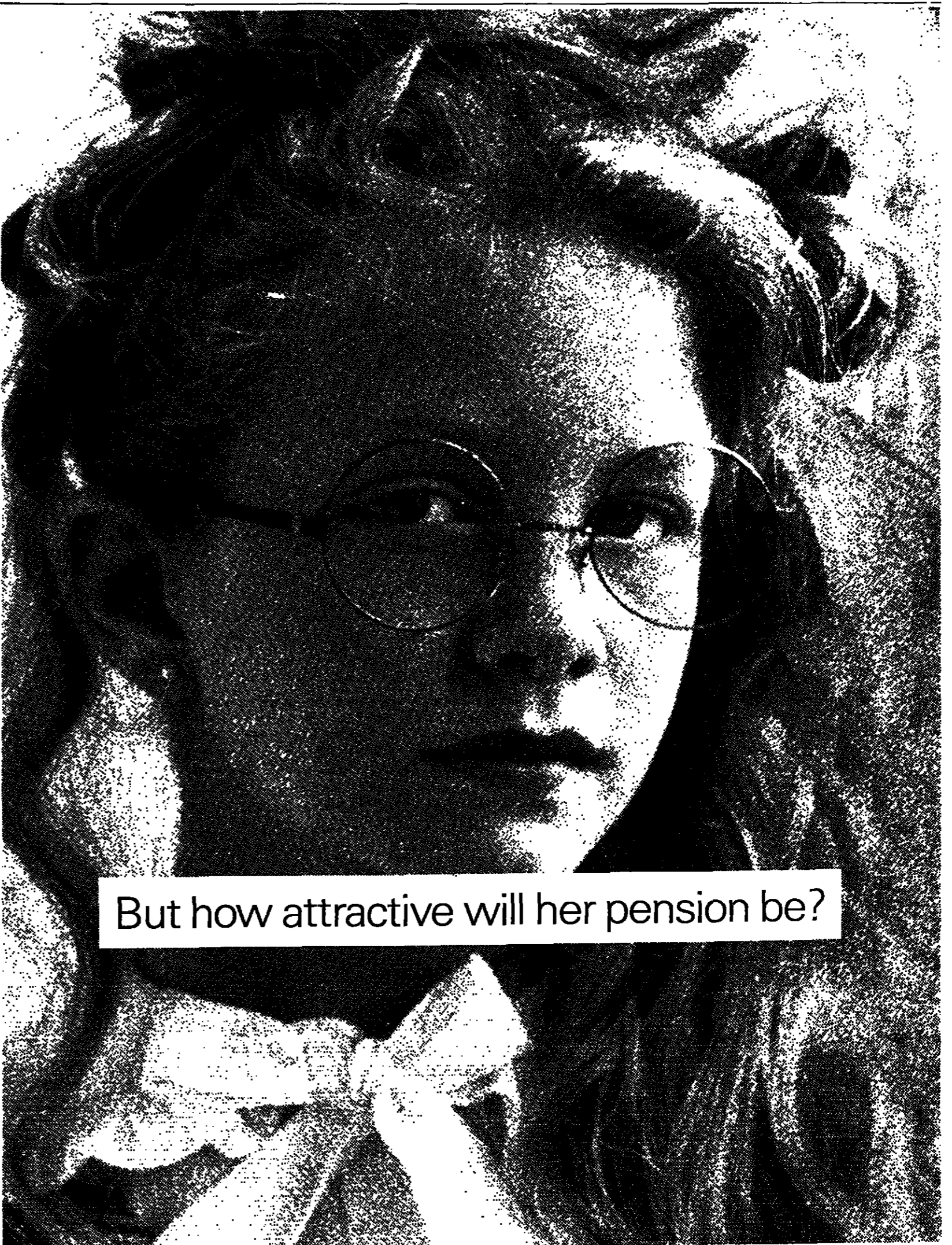
Mr. Gephardt has won only two states since Iowa: South Dakota, its neighbor to the north, and Missouri, its neighbor to the south and Mr. Gephardt's home state.

Michigan has lost 250,000 jobs in the auto industry and related industries in the last seven years, in part due to foreign competition. If Mr. Gephardt, with his message on fair trade and the protection of U.S. jobs, cannot win or at least finish ahead of Mr. Dukakis in the caucuses Saturday in the state, Mr. Gephardt's supporters acknowledge that his bid for the presidential nomination is over.

He started out the week running a distant third in public opinion surveys in Michigan, behind Mr. Dukakis and the Reverend Jesse L. Jackson. His own tracking surveys and independent ones show him closing the gap somewhat, but it is not clear if he has enough time or money to get his message out.

Aide Calls State Crucial

An aide to Mr. Gephardt said Thursday that the candidate would end his campaign for the presidential nomination and seek re-election to the House of Representatives if he did not win in the Michigan caucuses. The Associated Press reported from Detroit. "He will be out if he doesn't win in Michigan," said the aide.



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INTERNATIONAL Herald Tribune

Save the Ozone Shield

The chemical threat to the life-protecting ozone layer in the high atmosphere turns out to be more serious than feared. The damage may already be three times greater than the worst future loss assumed in a pending international treaty to cap production of the destructive chemicals. Even stronger measures may soon be needed.

AIDS at the Agencies

The courts have said so, some private employers have said so, and now, in a most important directive to all its agencies, the United States government has cleared the air throughout its departments with a forthright, sensible policy on AIDS in the workplace. The word, simply and directly, is this: Discrimination against employees with AIDS is prohibited, and managers may take disciplinary action against individuals who refuse to work with a colleague who is carrying the AIDS virus.

Other Comment

Politics in Lieu of Realism Don't Count the Cartel Out According to the authoritative Oil and Gas Journal, proven world oil reserves rose by 27 percent last year, that increase being mainly accounted for by a few members of OPEC.

Revulsion Is an Opportunity Now the temptation in London and possibly Dublin will be to harden the lines. This must be resisted. The 1985 Anglo-Irish pact is already reeling like a fighter who has taken far too many blows to the head.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

OPINION

The European Tiger Will Have to Liberalize Its Lair

By François de St. Phalle

NEW YORK — Looming on the trade horizon is a new competitor far more formidable in its potential to outproduce the United States than Japan or the "four tigers" of Asia — South Korea, Taiwan, Singapore and Hong Kong. That competitor is formed by the 12 countries of the European Community, which has embarked on a plan to dismantle all intra-EC trade barriers by 1992.

Community concerns occupying the faster of the two. Worse still, today's patchwork of Community and national restrictions may be replaced by an entirely new and possibly more onerous set of barriers developed, implemented and enforced by the Community.

On the INF Model, a Strategic Arms Pact Can Also Be Verified

By Michael Krepon

WASHINGTON — The INF Treaty has received broad support, in part because of its precedent-setting verification measures. At the outset of the strategic arms limitation talks, Moscow refused to divulge even the names of military systems. Now it provides names, places, numbers and details on infrastructure, and allows inspections to confirm such data.

only modest benefits, but they could be carried out with minimal risk. With greater difficulty, the INF measures could be extended to include production monitoring. Key missile production facilities are only glancingly covered in the INF accord, in part because of U.S. sensitivity to Soviet inspections at plants working on Stealth cruise missiles.

To Keep Modernizing, India Has to Decentralize

By Robin Jeffrey

MELBOURNE — The heat of modernization has spread steadily in India during the past 25 years. In the early 1960s, governments claimed that 20 percent of children aged between 11 and 14 were in school. In the 1980s, more than 50 percent of children in that age bracket are studying, making a total of 27 million. Twenty-five years ago, daily newspaper circulation in vernacular languages was less than 4 million; today it is more than 13 million.

ness is evaporating. Throughout India, voluntary groups have sprung up to voice the demands of those, especially women and ex-outcasts, who 30 years ago had no voice at all. The social forces that produce these action groups are the same ones that generate the bitter secessionist movements of Punjab and northeastern India. People are experimenting with many different ways, both violent and nonviolent, of satisfying new aspirations.

The Party Still Gets in the Way, but Hungarians Are Inventive

By Stephen S. Rosenfeld

BUDAPEST — The talk of Budapest is whether a Communist country can reinvent, well, if not democracy then something halfway decent anyway. It sounds like dreaming, but that is the intriguing potential of Hungary — a potential that Hungarian reformers to a certain ironic morbidity, are themselves only beginning to contemplate.

direct Central Committee control. I saw a draft, with many pen-and-ink revisions, of a proposal about to be considered by the Central Committee to start separating the party from the government. "Otherwise socialism is not viable," said my interlocutor.

There is increasingly open public discussion of the hottest issues, such as the Soviet invasion.

the people's confidence and cannot lead: a crisis of identity reflecting the mismatch of Western culture and imposed Eastern rule; a moral crisis of pain and guilt that a third of the Hungarian nation lives beyond the borders; and more.

100, 75 AND 50 YEARS AGO

1888: Naturalist Drama PARIS — All the works billed at the Théâtre Libre [on March 24] were distinctly naturalistic. And the play "La Pelote," MM. Bonnetain and Descave's drama, is the story of a servant who becomes the mistress of her consumptive master — who coughs up his lungs in the last act.

1913: Balloon Record

PARIS — The long-distance record of 2,200 kilometers for a voyage in a spherical balloon has been beaten



Handwritten text in Arabic script at the bottom of the page.

OPINION

Afghanistan: How a Sellout Was Foiled

By William Safire

WASHINGTON—Here is how the State Department's secret agreement to sell out the Afghan freedom fighters was stopped by the light and heat of pitiless publicity.

Late in 1985, as the Reagan administration's foreign policy makers were reading into the morass of superpowers mistakes, three State Department functionaries cooked up a plan to accommodate Soviet demands about withdrawal from Afghanistan. The key concession: permit the Russians to continue arms shipments to its puppet government while the United States cut off aid to the mujahidin (affectionately known in Washington as "the Moogies").

A letter to the United Nations mediator was prepared by Robert Peck, Arnold Raphael and Charles Dunbar for the signature of America's UN delegate, Vernon Walters, to whom diplomacy is so fun unless it is covert.

The secret letter assured Moscow that upon the day its troop withdrawal began, "foreign interference" would top — meaning that the CIA channeling aid to the Moogies, now more than half a billion dollars in weaponry each year, would be terminated.

That Walters letter (with an escape acth reading "if all the elements of the accord are satisfactory") commits America to be a guarantor of the agreement between the warring parties. It is known insiders as "the Day One deal": U.S. aid to the Afghan resistance, but not overt aid to the puppet Kabul regime, would stop on Day One of the yearlong Soviet pullout. (Diplomats call such a signed agreement "asymmetrical.") Who knew about this asymmetrical

deal? The United Nations knew, and the Russians, along with their Kabul puppet. But the hard-fighting Moogies did not know, the U.S. Congress was not informed of the secret deal; it may be that not even the White House knew.

State officials claim privately that Bud McFarlane's deputy at the National Security Council, Don Fortier, had been filled in, but he is dead now. "I'm puzzled by that," Mr. McFarlane tells me. "The cutoff agreement was a fundamental change in policy, but Don never raised it with me. I would have thought that George Shultz, who I saw several times a week, would have brought it to my attention. That something of this importance was proposed without the chief executive knowing is — well, puzzling."

Doesn't puzzle me: 1985 was the year of one Reagan hand not knowing what the other was doing. But in early 1988, the Russians in Geneva started to hold Washington to the understanding in the Walters letter, and the odor from this Day One dead fish began to rise.

The conservative 4-H club — Senators Humphrey, Hecht, Hatch and Helms — began in February to denounce the "indecent" sellout scheme and to demand answers on what secret commitments had been given to Moscow on Afghanistan. The majority leader, Robert Byrd, announced that he would hold the JNF Treaty hostage to a "full understanding" of the agreement.

Two powerful columns by my New York Times colleague, A. M. Rosenthal, focused Washington's attention on the

incredible secret deal. Even President Reagan, after a couple of years in the dark, finally saw the contradiction between Moogies sellout and contra support: he said it was his understanding that aid to the Afghan rebels would continue until all Soviet troops withdrew.

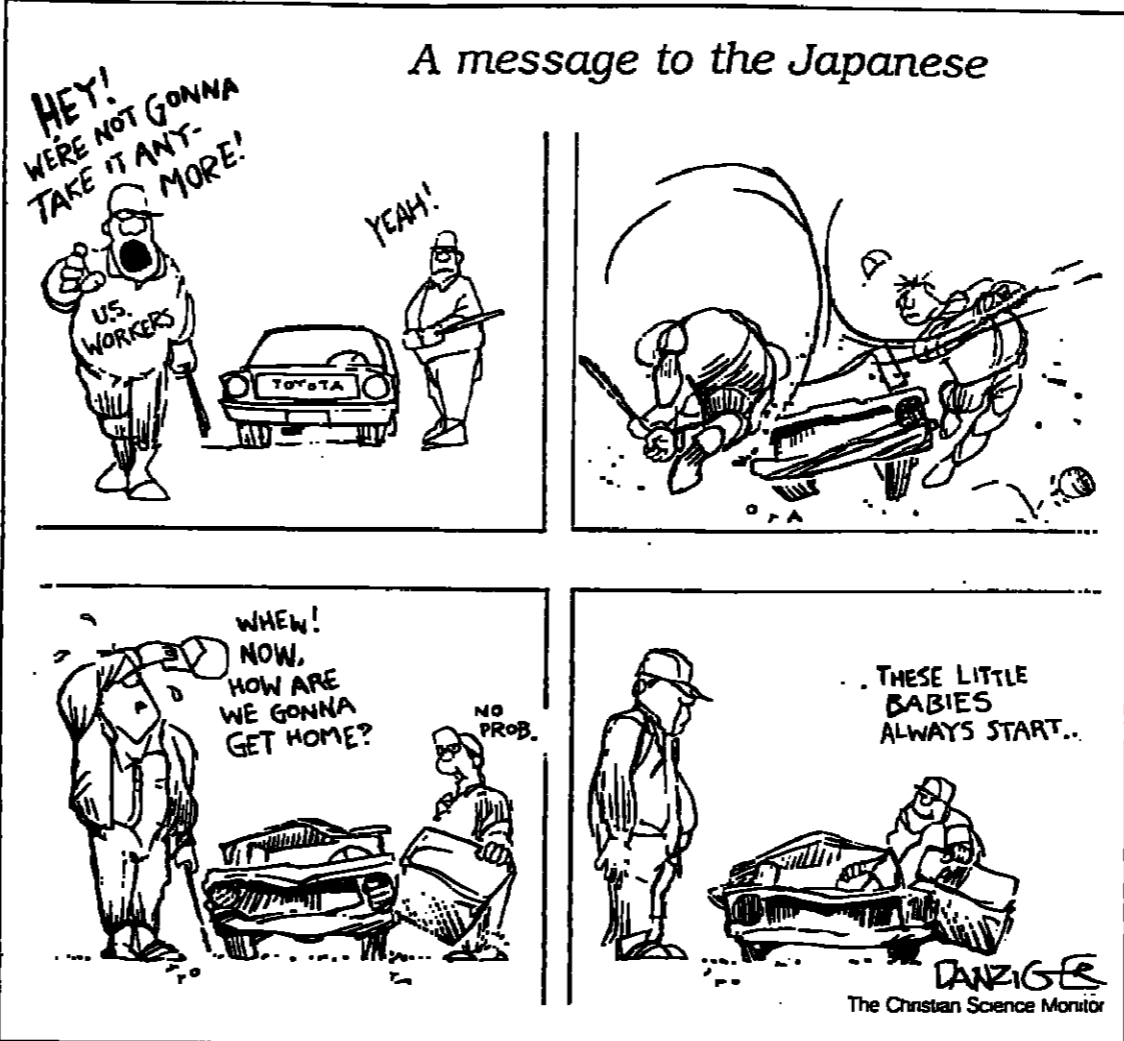
All this political heat and editorial light overwhelmed the secret dealers. The State Department spokeswoman, goaded by Senator Humphrey, announced that the United States would not end aid to the mujahidin without a "symmetrical cessation of military supplies to the regime in Kabul." The Day One deal was dead.

Great chunks of fudge are being spewed out of the Fudge Factory to cover its embarrassment. "Tick-tocks" are being prepared to show how the Day One deal was being renegotiated back at the November summit meeting, and how a symmetrical cutoff had been "expected" all along. Besides, we are told, the Moogies will surely defeat the well-armed Kabul regime as soon as the Russians have gone, presumably with bare hands.

Unfortunately, this frantic posterior-covering causes The New York Times to deplore the "bandwagging to congressional pressure to toughen the terms." Mikhail Gorbachev's retreat, it says, must not be "put at risk by bargaining for cosmetic advantages."

Accommodationists fret because the Soviet negotiator is understandably sore; the U.S. side reneged on a secret deal. Heed the lesson in this watershed episode: No secret deals repugnant to American values will be honored. The only covenants to be kept are the ones dragged out into the open.

The New York Times



Just Say No To the Mini

By Nina Totenberg

WASHINGTON—For many women in America, the big news a couple of weeks ago was made not in the Middle East or in the Super Tuesday primaries but rather in their own hometowns, where the fashion industry is taking a major bath on the miniskirt.

Many professional women simply refuse to buy the mini, so retail clothing sales are the worst since the 1982 recession.

MEANWHILE

In short, the mini is a fashion disaster, and many designers are hurriedly lengthening hemlines for the fall. Every moment of industry misery is richly deserved by the fashion designers, retail clothiers and newspaper and magazine portents who propagate and perpetuate this preposterous creation.

Minis look fine on teenagers and perhaps on the beautiful people who spend most of their time and money staying skinny and flawless. But for the rest of us, the axiom is this: If you wear the mini last time, you can't this time.

The miniskirt as fashion norm is a stupid and sexist idea.

Sixty-three percent of American women now work, more than two-thirds of them in settings where they will be judged to some degree by what they wear. What is more, the Census Bureau shows that the big bucks in female apparel are spent by women 25 to 44 years old — working women, most of whom cannot and should not wear a mini.

Now for the sexism. Unlike other industries, the folks in fashion obviously did zero market research, figuring it could just lay down the law and women would react like idiot sheep. Now did the industry ask itself how in the world a lawyer, banker, secretary or accountant could be treated seriously if she sat down and her skirt was up to her crotch. Do men dress like that? They wouldn't dream of it. As Barbara Sigmond, mayor of Princeton, New Jersey, said, "Could Lee Iacocca have hauled out Chrysler wearing short pants?"

It is simple justice that miniskirt promoters are being rewarded with empty cash registers. But beware, ladies, the battle is not yet won. Many in the fashion industry haven't given up yet. They figure we'll quit first. Hold the line. Don't buy, and the mini will die.

The writer is a reporter for National Public Radio. She contributed this report to The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

After the Anschluss: A Silence of Fear and Revulsion

Regarding "Many May Know, but Not Many Have the Courage to Resist," by Edwin M. Yoder Jr., and "Dateline Vienna in the Spring of 1938" by C. L. Subzberger (Opinion, March 12):

Mr. Yoder writes that Kurt Waldheim "failed, with millions of others, to resist when the Jews of Austria and the Balkans were being dehumanized, and worse. It was a failure of moral duty. No one questions that." This is not true.

An army lieutenant in 1942 who resisted or denounced the German Army's treatment of the Jews would have had no effect whatever, except to place his own life in jeopardy, just as a similar resistance or denunciation by C. L. Subzberger after his night in the Vienna Friedhof in 1938, if made in Austria, would have placed his life in jeopardy.

Lieutenant Waldheim showed common sense in deciding to take no action, and it cannot be said that he failed in his moral duty, whereas Mr. Subzberger was unable to write a journalist's denunciation of the horrors he had seen, even from what was at that time the free country of Czechoslovakia. If there was a failure of morality, it was Mr. Subzberger's rather than Lieutenant Waldheim's.

"Why then," writes Mr. Yoder, is Mr. Waldheim "singled out for special opprobrium?" The answer is that it is now known that Mr. Waldheim lied deliberately and extensively about his past.

GILBERT PRICE, Barcelona.

Mr. Subzberger's opinion column reflects all the elements of cowardice and fear that are the central theme of discussions provoked by the Anschluss anniversary. He places himself in the same camp as Mr. Waldheim — one who simply avoided speaking up.

GROVER WILKINS, Paris.

The Kurt Waldheim issue recalls a saying of the ancients: "The Almighty renders stupid him he intends to banish."

ALFRED H. COHEN, Geneva.

Mr. Waldheim has committed two unpardonable errors: First, he lied; second, he has been stupid. He had only to admit his cover-up (a human failing) and say that it was because of his experience in the war that he tried so hard to compensate through his work

for world peace and suffering humanity as United Nations secretary-general. His lack of humility has destroyed him.

JEANNE VICKERS, Geneva.

Anschluss Arithmetic

Regarding the Anschluss, a report from Vienna in your March 9 issue spoke of this month's "40th anniversary." The year was of course 1938.

KURT STREIT, Hamburg.

Unreliable Evidence

In response to the report "Sharpeville 6: Granted a Stay of Execution by High Court in Pretoria" (March 18):

Reports of the temporary reprieve do not bring out the unreliability of the prosecution evidence. The accused were convicted and sentenced entirely on the evidence of witnesses who had been held in detention for months under section 31 of the Internal Security Act, 1982. This unparalleled provision permits the detention in solitary confinement of potential witnesses whenever the attorney general deems it in the interests of justice. It is widely acknowledged that these

witnesses are under severe pressure from the police while detained. The reliability of such evidence is highly doubtful and our organization has argued for years that South African judges ought to reject evidence of this kind. Nevertheless in many political trials the convictions rest solely on such evidence.

NIALL MACDERMOT, International Commission of Jurists, Geneva.

Divided Communities

Regarding "Greek and Turkish Cyriots" (Letters, March 10) from M. Iacovou:

The bitter treatment accorded to minority Turkish Cyriots (subjecting them to siege in their own villages, granting them only one-way passports, rationing their basic needs) by so-called constitutional Greek Cyriot majority rule was as much a factor in the creation of an independent Turkish republic there as the Greek attempt to annex the island.

On an island like Cyprus, where two communities are separated not only physically but also by language, religion, culture and ideals, it is not possible to leave the fate of the smaller party to the rule of the bigger side. The Turkish Republic of Northern Cyprus, whether or

not recognized by other states, will continue to exist. No one is capable of bringing back the status quo ante 1974.

ENIS BARBAROS, Brasilia.

Turkey Isn't European

During a ruling on Morocco's application to join the European Community, the EC voted last autumn to reject the request, saying that the organization is meant for European countries.

A more important case will soon be decided, on Turkey's desire to join. An important link in NATO defenses, Turkey seeks to integrate defense with economic interests. Yet Turkey is no more European than Morocco. Turkey should be rejected for EC membership.

BARDI EINARSSON, Reykjavik.

Fight Back Internationally

In response to the editorial "Fighting Back on Drugs" (March 8):

All people are concerned by the dangerous spread of drug abuse. Instead of considering it an American problem, there should be an international council where ideas for fighting drugs would be

developed. To fight drug abuse is to combat AIDS, too, in a way.

IVAN KAPETANAKOS, Tarbes, France.

Double Forestry Standard

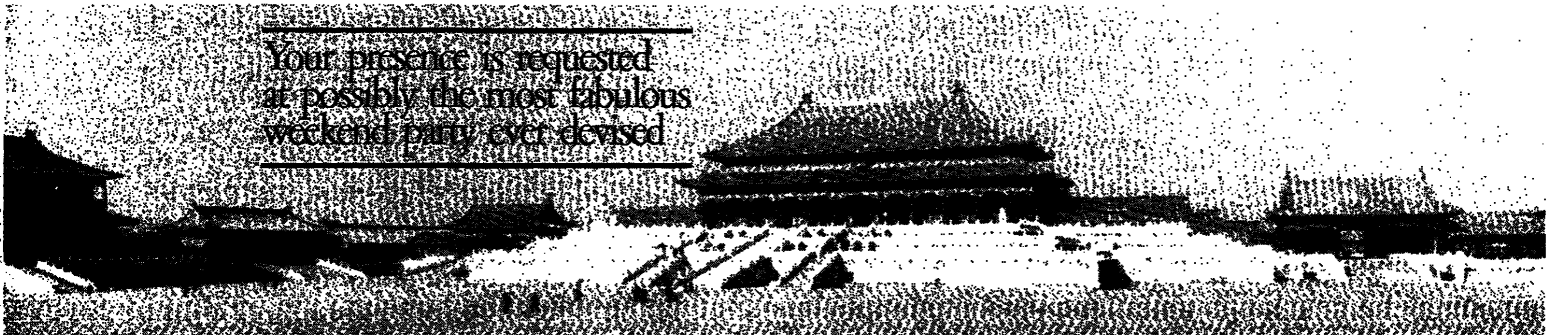
It is disheartening to read about the felling of redwood trees in California ("Takeover Topples Redwood Forests," March 3) when Americans abroad are preaching the virtues of natural resource management in developing countries. Perhaps sustainable development, like democracy, begins at home.

DAVID GROENFELDT, Kandy, Sri Lanka.

Gorbachev Rehabilitated

I was delighted by William Safire's "Apologies to Gorbachev" (Language, Feb. 11). There may be various views of Mikhail Gorbachev's policies and methods, but he is a cultured man. He uses a noble form of the Russian language and he respects other people, at least formally. He would never seek to insult Ronald Reagan, neither as the leader of a great nation nor as a person.

BOHUSLAV HYNEN, Prague.



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- 4 JUNE. An *ad fresco* champagne reception at the Great Wall organized by Maxim's of Paris. Names of participants will be engraved on plinths at the base of the Wall, after a picnic luncheon sponsored by Petrossian.
- A brilliant reception at the Great Hall of the People, featuring performances by world-renowned artists: Paolo Conte, Mireille Mathieu,

As the high point of a ten-day journey to historical China, three days of festivities to benefit the restoration and preservation of two of mankind's greatest achievements: the City of Venice and the Great Wall of China. Proceeds to be distributed under the control of UNESCO.

Teresa Berganza, Montserrat Caballé, Mady Mesplé, Maia Plisserskaia, Manuel Legido and Sylvie Guillem accompanied by the Beijing National Orchestra, followed by an all-night surprise cabaret party organized by Maxim's.

5 JUNE. A banquet in the Forbidden City, together with an art auction — under the direction of Sotheby's — of specially designed works by such famous artists as: Arman, Buren, Jenkins, Sol Lewitt, Cesar, Stark, Erro, Keith Haring, J.P. Raynaud, Zao Wou Ki, Walter Dahn, Vasarely.

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EUROPEAN TOPICS

Environment Year Ends in EC Discord

The European Year of the Environment ended this week on a discordant note with a European Community meeting of environment ministers failing to solve a dispute over measures to curb the acid rain that is widely held to be destroying Europe's forests.

The plan called for installing emission controls in new and existing plants with a capacity of over 50 megawatts. The proposal would lead to an estimated 60 percent reduction in sulfur dioxide emissions and a 40 percent cut in nitrogen pollution by 1995.

Lord Calthness, Britain's junior environment minister, insisted that the minimum capacity for new plants should be raised to 100 megawatts. He argued that the EC proposal would be too expensive for Britain because of the high sulfur content of British coal.

Stanley Clinton Davis, the EC environment commissioner and himself a Briton, said he found it "quite extraordinary, at a time when everyone recognizes the damage caused by power station emissions, that one member state should completely block progress on this vital issue."

Dutch Cardinal To Import Priests

A decision by the Roman Catholic Church in the Netherlands to import priests from Poland to fill empty pulpits has caused consternation among liberal Catholic priests and laymen.

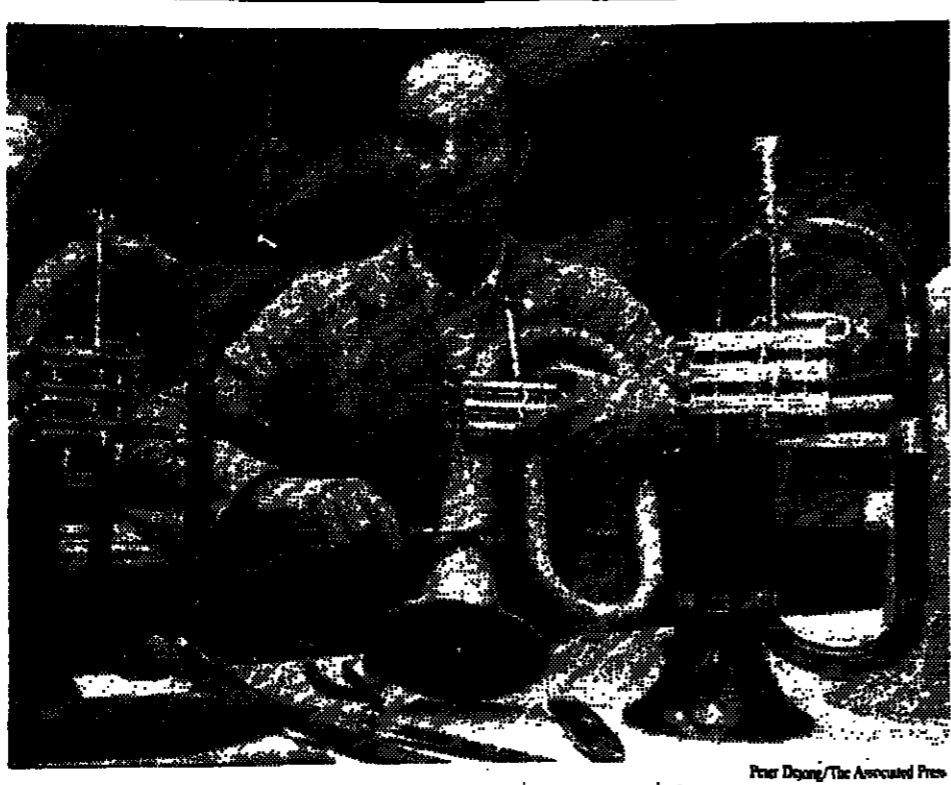
Cardinal Adriaan Simonis, primate of the Dutch church and archbishop of Utrecht, has recruited three Polish priests, according to the Utrecht diocese. Twenty-five of Utrecht's 350 parishes are unmanned, and fewer young people are coming into the church, a spokeswoman for the diocese said.

The three Polish priests will learn Dutch before occupying their new pulpits in September. If the experiment succeeds, other recruits may follow.

The Diocesan Priests' Council said it felt uneasy about Cardinal Simonis's choice because it feared Polish priests might reinforce the "conservative tendencies" of Pope John Paul II, a Pole.

Liberal Dutch Catholics are highly critical of the pope's teachings on such issues as celibacy, birth control, the role of women in the church and homosexuality. Cardinal Simonis is known to be a staunch supporter of the Vatican's orthodox doctrine.

Cardinal Simonis said he found it "quite extraordinary, at a time when everyone recognizes the damage caused by power station emissions, that one member state should completely block progress on this vital issue."



CARVING CORNETS — Margot Franssen of Ulestraten, Netherlands, putting the finishing touches on a cornet he carved out of African hardwood. He said the instruments, which use the traditional metal valves, cost the maker's frequently brassy sound. They sell for about \$2,550.

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Around Europe

The 1976 accident that released a cloud of poisonous gas containing dioxin over the northern Italian town of Seveso has not led to an increase in birth defects, according to experts at Rome's Catholic University and the Italian Birth Defects Monitoring Program.

A study of 15,291 children born after the accident showed no more than the average rate of abnormalities. The accident at the Swiss-owned Icomesa chemical plant killed thousands of animals and caused chloracne, an acute skin ailment, in many people.

Brussels is shrinking in area and Belgium is growing but nobody seems to know why, according to the Brussels newspaper Le Soir. Government figures for 1987 show Brussels with 40 hectares (99 acres) fewer than in 1986, while the total surface of the country has gained 447 hectares.

Dog-owners vacationing on the French Riviera can offer their pets special treats — a dog's bar in Cannes, a dog's flush toilet near Nice and a dog-dating agency in Cannes-sur-Mer.

ASTRODOG, an agency in the Paris suburb of Créteil, offers 10-page horoscopes listing the animal's zodiac sign complete with planetary influences, as well as its behavior, health, character, fortunes and life life. All this costs just 69 francs (\$12), according to an advertisement in the newspaper Liberation.

Restrictions on the movement, slaughter or sale of sheep on more than 700 farms in Wales.

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Israel Reports Arrests of Protest Leaders

By John Kifner New York Times Service

JERUSALEM — The Israeli police minister, Haim Bar Lev, said Thursday that a major sweep by security forces, involving hundreds of arrests, had netted underground leaders of the Palestinian protests that began 15 weeks ago.

Mr. Bar Lev said that the security forces had found and arrested the authors of the latest in a series of protest leaflets signed by the clandestine National Unified Leadership of the Uprising.

But a member of the underground leadership of the protests said Thursday night that those who were arrested made up a small network distributing the leaflets in a suburb of Jerusalem and that the overall organization was not seriously disrupted.

Mr. Bar Lev said that the Palestinians who were arrested belonged to several different organizations. He gave no further details, and did not specify the number of those arrested.

The committee that is directing the protests, Palestinians say, consists of representatives of four factions of the Palestine Liberation Organization and of the fundamentalist group Islamic Jihad. [The Latin Patriarch of Jerusalem has canceled a traditional Palm Sunday procession in the city because of fears of violence stemming from Palestinian unrest. Reuters reported Thursday from Jerusalem.]

A spokesman for the Roman Catholic Church said that the newly appointed patriarch, Michel Sabbah, the first Arab to hold the post, had called off the event because of fears of possible violence along the route from the Mount of Olives to the Old City.]

Defense Minister Yitzhak Rabin said earlier this week that about 700 Palestinians had been arrested in the previous week on the West Bank and in East Jerusalem, and that a total of 3,000 Palestinians were in custody.

The arrests have been continuing at a rapid pace since, with hundreds more occurring in probe raids on villages and refugee centers. Those arrested include lawyers, journalists and heads of unions and charity organizations, many of which have become highly politicized under the occupation.

But even as the Israeli authorities stepped up their campaign to suppress the uprising, two more Palestinians were shot and killed in new demonstrations.

Israeli troops shot and killed Majed Mohammed Sawalme, 21, and Mohammed Ali Abu Zor, 19, during a demonstration Thursday at the Balata refugee camp on the edge of Nablus.

The deaths raised to at least the number of Palestinians known to have been slain by Israeli gunfire or who have died after beating since the protests began on Dec. 9. One Israeli soldier has been shot and killed by an assailant.

On Thursday, the High Court Justice ordered the army to return film confiscated from three photographers at the scene of a shooting of the soldier, Sergej Moskhe Katz, in Bethlehem. Photographers were assaulted by soldiers, and some of their cameras were broken.

Judge Aharon Barak ruled that the army could first process a look at the film, which the state prosecutor said was needed to be investigated the shooting on Sunday.

Israeli jets destroyed a series of hilltop bases of Palestinian guerrillas in southern Lebanon on Thursday, the day after a similar raid killed 10 persons, Reuters reports from Abta, Lebanon.

Security sources said at least 11 guerrillas were wounded. Palestinian sources said the planes exploded more than 100 rockets and time bombs on a same bases of the Fatah-Revolutionary Command, headed by Yassir Arafat, that were hit Wednesday. Abta and nearby villages cast the port of Sidon.

The jets, which struck eight times in 45 minutes, also hit a base of Marxist Democratic Front for the Liberation of Palestine.

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Armenian Activists Cancel Protest Rally

By Felicity Barringer New York Times Service

MOSCOW — Organizers of the massive protests that brought a sea of people into Yerevan's streets last month have called off the scheduled resumption Saturday of the protest in the Armenian capital, according to a Yerevan activist reached by telephone Thursday.

As soldiers cordoned off the large Opera House Square where the demonstrations had taken place, leaflets were distributed in the name of the protest's leaders asking people to stay at home Saturday, an Armenian nationalist, Rafael Popoyan, said.

The Communist Party Politburo announced a series of measures addressing some of the protesters' grievances but falling short of the basic demand to redraw territorial boundaries between Armenia and the neighboring Azerbaijan Republic.

In a resolution read on Soviet television Thursday, the Politburo outlined a seven-year plan to build schools, hospitals, factories and roads in a predominantly Armenian region of Azerbaijan, and to bring Armenian television programming to the area.

The demand that the Nagorno-Karabakh Autonomous Region be separated into Armenia touched off massive protests in Yerevan last month. Subsequent clashes in Azerbaijan left 34 persons dead, 32 of them killed in an anti-Armenian rampage in the city of Sumgait.

Thursday's decision by the Politburo marked the first positive response to the "Karabakh" movement and was in itself a striking move, representing a partial concession to a protest that the party newspaper Pravda this week called "anti-Sovietist."

In meetings Feb. 26 with two Armenian intellectuals, Mikhail S. Gorbachev, the Soviet leader, reportedly appeared sympathetic to the lack of Armenian schools, books and Armenian-language television in Nagorno-Karabakh, whose population is about 75 percent Armenian.

One of the Armenians, Zori Bayalyan, a journalist, addressed a rally of hundreds of thousands of people the afternoon after the meeting and told them Mr. Gorbachev would personally oversee resolution of the question. The demonstrators then voted to disband for a month, resuming their meetings on Saturday.

This week, with that deadline approaching, the official press began a barrage of criticism of the movement and its leaders, saying their protest represented "intolerable" pressure on the government and its leaders.

"There won't be a demonstration; the city is filled with soldiers," Mr. Popoyan said. Armenian newspapers carried notices Thursday that demonstrations would be forbidden without official approval, according to a radio broadcast reported by British Broadcasting Corp.

The vote to cancel the meeting was taken by the 11-member "organizing committee" late Wednesday, Mr. Popoyan said.

The leaflets also called on residents of Yerevan not to leave their homes on Saturday and Sunday, thus transforming the planned public protest into a quasi-strike. A Moscow dissident, Alexander Ogorodnikov, said Thursday that

the organizing committee was seriously considering a plan to make Yerevan a "dead city."

"They are considering leaving the streets to the soldiers, the militia and the Chekists," said Mr. Ogorodnikov. "Chekists," the name for the Soviet secret police of the 1920s, is common parlance for the KGB.

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SUMMIT: Issues Unresolved by Talks in Washington

(Continued from Page 1)

added that the United States considered the offer still open.

Mr. Shevardnadze said there could be no agreement providing for a simultaneous cutoff of military supplies to the two sides in Afghanistan. He said Soviet deliveries were legitimate since they were sent to the Afghan government on the basis of a treaty with Moscow.

Asked if the Soviet Union would go through with its troop withdrawal pledge if no agreement was completed, Mr. Shevardnadze said: "We can solve the Afghan question without the United States as guarantor." (Related article, Page 2)

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Views from the Boardroom



Cornelius Van Der Klugt, president, NV Philips.

We industrialists are ready, because we need a truly Common Market and are ready to actively support the removal of the remaining obstacles. It is scandalous that after more than 30 years since the signing of the Treaty of Rome we still have not achieved this goal. But with the removal of the barriers, such as the costly stops at border crossings, companies such as Philips will be able to

make substantial savings in inventory, warehousing and staffs that are required under the present system. At Philips, we have estimated that removal of all the obstacles to the free circulation of goods and capital will make our products between 5 and 10 percent cheaper to the European public.

Kari Kairamo, president and chief executive officer, Nokia AB.



Like others in the Nordic area, Nokia has been investing

substantially in the EC area. There are now just over 100 companies with over 50 percent ownership operating in the Common Market. But what is needed now is greater impetus for harmonization of the economies of the members in EFTA [the European Free Trade Association comprising Austria, Finland, Iceland, Norway, Sweden and Switzerland] and of the 12 in the EC. What is also crucial for Europe as a whole is a plan to develop our education systems. The Japanese are already moving far ahead of us, including the use of satellites. And, unfortunately, Europe has no plan for education at the present time. This should also be a matter of high priority.

Karlheinz Kaske, president and chief executive officer, Siemens AG.

Why is the integrated mar-

ket so important for us? We have been able to keep our share of world markets without it, and whoever wants to



Jimmy McGregor, director, Hong Kong General Chamber of Commerce.

The idea of a united Europe is certain to enhance our productivity, the productivity of all Southeast Asia. Our balance of trade is already favorable, and the idea of having a larger market inevitably means more exports from Southeast Asia, more production, more investment in this region.

I don't see any protectionist



Carlo de Benedetti, chairman, Olivetti SpA.

1992 is a goal which Europe must not fail to achieve. It would be disastrously shortsighted for European governments to surrender to the difficulties involved in harmonizing and integrating markets and production, how-

ever large these problems may objectively be. The construction of Europe is simply too



Antoine Jeancourt-Galliani, president, Banque Indosuez.

In our métier, much of the integration has been accomplished already — we have been established in West Germany, for example, for more than 10 years. We have the tools. But much remains to be done for Europe. Inc. to come about, notably in the banking and financial services sector. We need to move faster in establishing greater harmonization of our banking systems in Europe, so that it is easier to open checking and savings accounts anywhere within the

Community. We are speaking of less regulation, particularly regarding interest rates. It will take time, perhaps more time than most people think. But the integration will take place, little by little, just as it did in the United States.

Helmut Sothen, chairman of World-Wide Shipping Corporation, Hong Kong.

The creation of a bigger market must inevitably have a stimulus on market conditions here. Europe is an area where Hong Kong has important export business. I think that the abolition of territorial lines can only stimulate trade. It must surely be a good idea. From an administrative point of view, life has to be easier, if there is only a single entry to deal with.

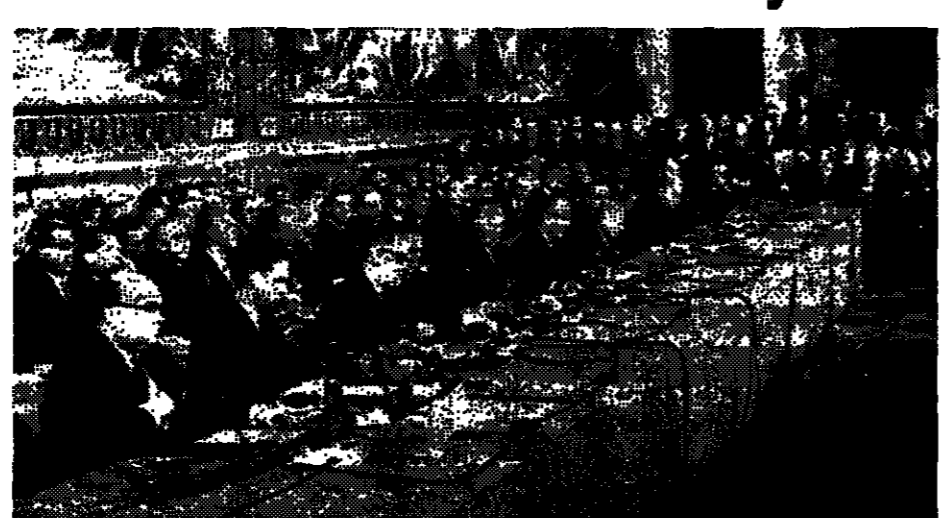
Of course the threat of protectionism is always there, but I doubt very much whether Europe will go that way. An added bonus is the influence which Europe would have on the United States in that way.

From Six to Twelve: Community of Interest

THE balance of interest in a unified Europe has long wavered between promises of economic advancement and the preservation of national sovereignty.

Significantly, many of the most positive steps toward cooperation have sprung from economic weakness — at times when the need for economic improvement outweighed political interests.

A movement for a "United States of Europe" grew out of World War I, and a "European Union" was proposed under the League of Nations. However, it wasn't until after World War II, when Europe's once-powerful economies



"Determined to lay the foundations of an ever-closer union among the peoples of Europe," six nations signed the Treaty of Rome on March 25, 1957.

were in tatters, that the first real steps toward unity were taken. Cooperation became a way of rebuilding.

The Organization for European Economic Cooperation

were in tatters, that the first real steps toward unity were taken. Cooperation became a way of rebuilding.

Various other pan-Europe-

an groups, such as the Organization for Economic Cooperation and Development and the Western European Union and the Council of Europe were, also formed. But the

roots of the modern European Community lie in a plan devised by French Foreign Minister Robert Schuman to pool steel and coal production.

Six countries (France, West Germany, Belgium, Italy, the Netherlands and Luxembourg) signed the 1951 Paris Treaty creating the European Steel and Coal Community (ECSC), which went into effect in 1952 after ratification in each country.

"The Six," as they were then called, subsequently signed the Treaties of Rome in 1957 and so established the European Economic Community (EEC) and the European Atomic Energy Community (EAEC). Those two, together with the earlier ECSC, form what is now collectively known as the European Community.

The primary goals of the EEC remain unchanged: a "common market" allowing the free movement of goods, services, people and capital between member nations.

Some landmarks have been missed along the way. These include common policies for agriculture, transport, competition, fisheries, the environment and social welfare. But others clearly point to growth. Over the past 30 years, trade within the community has grown from barely one-third to more than one-half the members' exports.

Perhaps most significantly, the Six have become the Twelve. Great Britain, Denmark and Ireland joined the EC in 1973, at a time when their economies were suffering from the first oil shock. Greece joined in 1981, followed by Spain and Portugal in 1986.

Debates over applying for EC membership in the 1990s are going on at various levels in a number of other countries, notably Austria, Norway and Turkey.

In terms of EC law and policy, there have been many significant developments, such as the abolition of all tariff barriers between member states, the creation of the European Monetary System, the initiation of cooperative financing for everything from farming to scientific research and the introduction of a single European passport for everyone resident in EC countries.

Over the years, steps forward have been taken one at a time, in a piecemeal fashion. This painstaking progress, especially in the face of fierce economic competition from North America and the Far East, led to calls for a more comprehensive approach.

The result was the European Commission's 1985 White Paper. Endorsed by the EC's Heads of State or Government, the plan set out more than 300 specific legislative proposals aimed at sweeping away the last of the border barriers by 1992. The scales, it seems, have tipped in favor of the future of a Europe without frontiers.

— Timothy Harper

On the Road to Integration

(Continued from Page 1)

of participation by employees, and so I am convinced that an "à la carte" approach can be found. The important thing is this: I have asked many heads of companies in Europe whether it is easy to merge across EC borders under current rules. The answer has always been no, and they add that it is a costly process as well. Do you think our proposal will help, I asked, and the answer has always been yes. So



"A time to reflect and provide impetus... a fireside chat atmosphere."

we will pursue the plan to have it adopted.

There are thousands of companies and banks throughout Europe, particularly small- and medium-sized firms, which still have only the vaguest idea of what 1992 means, and question why it should matter to their business. What does the Commission plan to do about it?

We are aware of the problem. Right now we are concentrating our efforts on decentralizing our information efforts, and we have established what we call Euro Info Centers around the Community countries. These are information offices, often established with the cooperation of local and regional chambers of commerce, designed to help answer businessmen's questions about the integrated market. I recently inaugurated one in Bordeaux, and there are now about 50 established.

Many observers believe that the 1992 program will lead to the establishment of a "Fortress Europe," which will seek to protect the community from what it judges to be unfair competition. What kind of external trade policy will the community have, once the integrated market is complete? Will it discriminate against non-EC members and companies?

The Community cannot be a plane without a pilot. The United States, with its many states, speaks as a single voice. The Community is made up of 12 sovereign states, yet we definitely intend to reinforce the rules of the game, to make them more sophisticated and more efficient — on a basis of reciprocity. That is the guideline. We want to be able to negotiate on a basis of equality, not weakness. Dealing with the United States and Japan on trade issues, I might add, is not that easy. But we won't have protectionism. As for business, companies working inside the community will continue to be welcomed. IBM conducts a share of its R&D in Europe. For us, IBM is a European company. Is the idea of a central European bank

making real headway? Do you approve?

I always approve new ideas of this kind, even though they have been proposed before. As I and others have said, the idea of setting up a consulting group to study the feasibility of a Central Bank is a good one. The work it undertakes should be conducted in close liaison with the governors of the EC central banks. But that should not stop us from moving, step by step, to improve the workings of our monetary system. That involves encouraging greater use of the ECU in commercial transactions, and liberalizing the flow of capital in the Community.

There is a general perception that the highest levels of enthusiasm for 1992 are to be found here at the Commission, in France, Belgium and in the London financial community, and from there the level of interest falls off sharply, notably in Germany. Do you agree?

It is true that there has been a lack of understanding in Germany about the importance of fast-growth industries; that services represent the future; and that the integrated market could lead to lower prices and, hence, to greater economic growth. But we believe that there are signs of change in Germany, reflecting greater understanding about interdependence. We are counting on a successful summit meeting in Hannover in June because of what is happening, and because of Mr. Kohl's determination to press forward with the 1992 plan.

What are your hopes for the Hannover summit meeting?

First, we hope to return to the initial context of what summit meetings are supposed to be: a time to reflect and provide impetus, not to negotiate. I would hope to have a fireside chat atmosphere in which the EC leaders would talk about cooperation in foreign policy and advising the state of the Community's economy. Regarding 1992, the goal clearly will be to obtain agreement on the 200 directives, so that we can say that we are not going fast enough, and that we need to advance in such and such a sector, to provide impetus for ministers' member countries.

Aren't you planning anything more specific for the summit?

Yes, I would like to see greater forward motion in science and technology. That means moving toward new action in mobilizing cooperation between the community and EC-based companies. We need to go further in developing market-oriented programs. An example would be semiconductor.

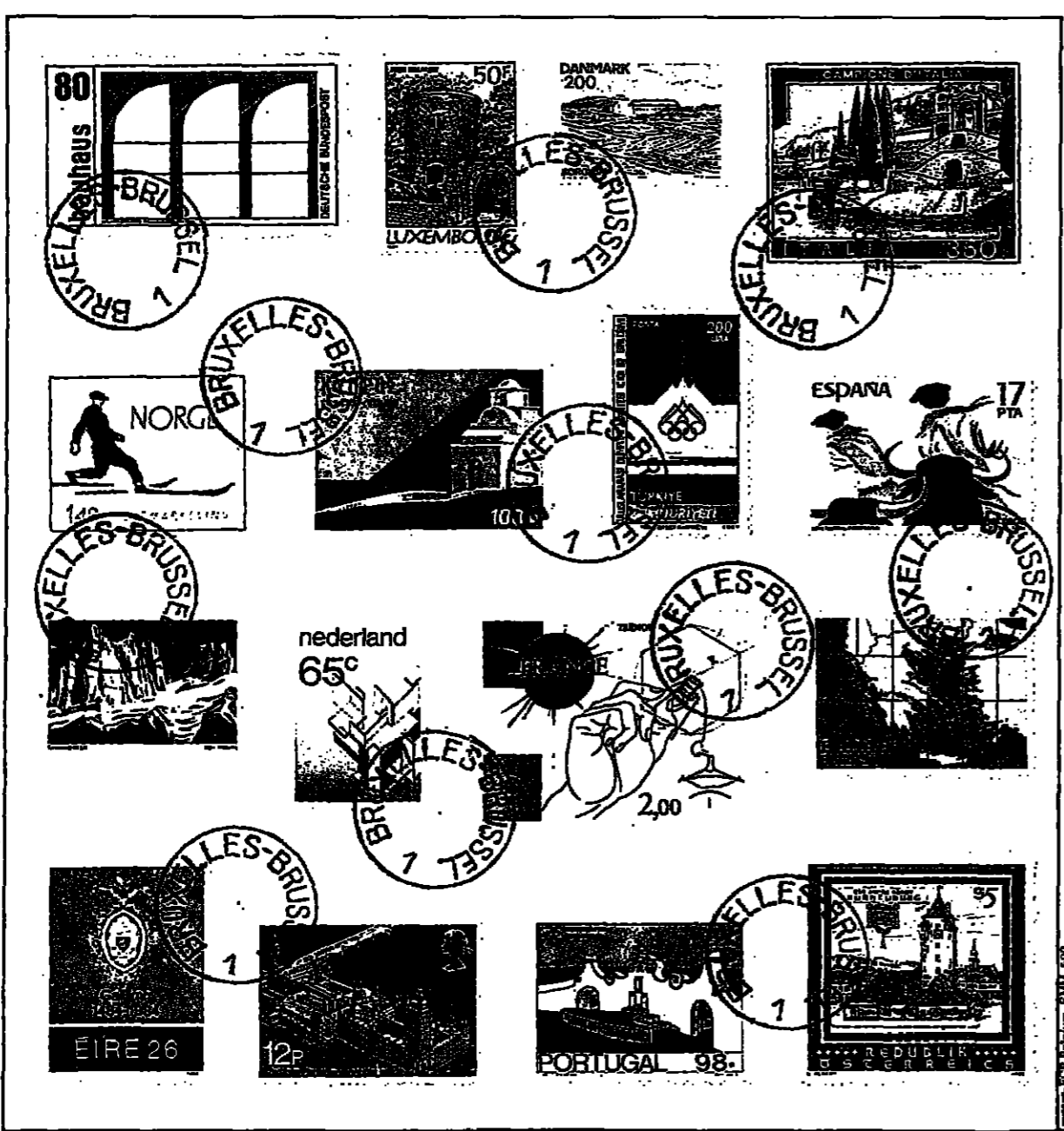
What happens after Hannover?

After June, it will be up to the Greek, Spanish and French presidencies to follow up on what has been accomplished. We hope that by the end of the year, however, the big decisions will have been taken, as I mentioned earlier, which should provide momentum.

What is the future for Jacques Delors?

The decision about the next Commission president will be made at the June summit. What do I want? I would like to be useful, to continue serving the Community or the general interest. I have held 14 different jobs since my youth. I might be ready for a 15th. I have never been head of a company, for example.

But you were recently asked if you would seek a second, four-year term and you responded, "Why not?" Is that still your answer?
Yes. C'est ça.



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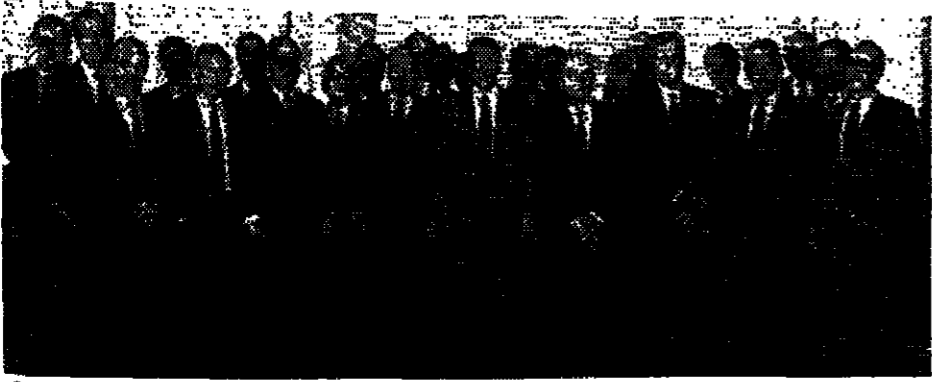
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The Roundtable: a group whose business decisions affect economic and social well-being.

Dekker to Chair Roundtable

EVERY big organization needs strong leaders. But 29 of them?

That is the number of chairmen and chief executives of major industrial companies who help steer the European Roundtable, a pressure group for the ideals symbolized by the year 1992.

Until recently, it almost seemed, there were too many hands on the tiller. Founded in 1983, the Roundtable has achieved high visibility and prestige—a prestige virtually guaranteed by the members' fame and power. Solid achievements have been visible.

Taking the Initiative

Even so, Pehr G. Gyllenhammar, chairman of the group since its beginning, and chairman and chief executive officer of Sweden's diversified automotive concern, AB Volvo, points with pride to some Roundtable initiatives and actions. The group's first report, Missing Links, "supported both the building of the Channel Tunnel (between France and Britain) and a better rail system." The tunnel is being built and both individual countries and the European Community are pressing for and planning a faster, integrated rail network.

The Roundtable also helped to create Euroventures, which provides capital for small companies across Europe—the first enterprise of its kind on a pan-European scale. On the other hand, though Roundtable members agreed on the need for a European equivalent of the Massachusetts Institute of Technology, they were slow to act on the idea. Instead, the Italian chemicals and pharmaceuticals concern, Montedison, picked up the project and raised the finance that will put the European Institute of Technology (EIT) on its feet. Significantly, one of EIT's backers is Philips N.V., the Dutch electrical and electronics giant. From May, Dr. Wisse Dekker, chairman of Philips' supervisory board, will be taking the Roundtable helm from Mr. Gyllenhammar.

Six Working Groups

A decisive and vigorous man, in spite of recent heart surgery, Dr. Dekker is expected to strengthen and speed deliberations of the Roundtable's six working groups, each of which is headed by a Roundtable member.

Umberto Agnelli, deputy chairman of Fiat SpA, Italy, is responsible for the infrastructure group, which covers both physical transportation and telecommunications. Carlo de Benedetti, chairman and CEO of Olivetti, Italy, steers trade and investment. Dr. Dekker is in charge of work on the internal European market, a prime Roundtable concern. Kari Kairamo, chairman and CEO of Nokia AB, the diversified Finnish industrial group, runs the education working group, which emphasizes the need for closer relationships between educational institutions and industry. Research and technology are tasks for Karlheinz Kuske, president and CEO of Siemens AG, the West German electrical and electronics firm. Helmut Maucher, German-born managing director of Switzerland's Nestlé SA, runs the employment working group.

Determined not to build a bulbous bureaucracy, the

Roundtable's rely heavily for their practical work on executives seconded from their own companies and on outside experts, rather than on a headquarters staff. The Roundtable secretariat in Paris sits in modest offices that overlook a railroad track in the western suburb of Auteuil.

As the political tempo quickens in the runup to 1992, the Roundtable is likely to respond with fresh urgency. The group's commitment to 1992 is manifest in its credo, which states: "The interests of European industry, its customers, and the communities in which it operates will be best served by promoting competition and cooperation on a European scale. Unified markets are essential to stimulate investment, to increase production, and to create new jobs in Europe."

The Other Europe

The Roundtable's definition of Europe does not stop at the Community's borders. As well as Sweden's Mr. Gyllenhammar, Finland's Mr. Kairamo, and Mr. Maucher of Swiss Nestlé, members include Curt Nicolin of Asca AB, the Swedish electrical firm that has just joined forces with Brown-Boveri of Switzerland; Josef Taus of Constanza Industrieverwaltungs

GmbH, Austria, and Torvild Askvaag of Norway's Norsk Hydro AS.

The countries these executives represent are "the other Europe." They may not be members, but they do depend on trade with the Community. As Mr. Gyllenhammar says, if such nations are to thrive after 1992, "our companies must continue to invest in the Community and our business leaders must stress that we, too, are Europeans."

Though the Roundtable's 29 are in broad agreement, they often differ over details. Strong-minded men, each used to having his own way, they all seek to leave their imprint on the Roundtable. Sometimes the results are less than positive. Five years after its founding, for example, the group still has no newsletter or other regular external communication because there is no consensus about what it should say, who should run it, nor who should have the last word.

If Dr. Dekker can switch the emphasis from words to deeds, the Roundtable will come closer to realizing its full potential as a group whose business decisions already influence the economic and social well-being of the countries in which they operate.

—Roger Beardwood

Stakes Rise as Barriers Fall

(Continued from Page 1)

membership prior to the 1992 deadline. As a Norwegian banker in Oslo commented: "The problem is if you are not inside the Community your risk being shut out."

These changes, along with scores of others promised by 1992, are geared toward economic streamlining. Fewer delays at borders should save people time and reduce the cost of goods. A wider choice of products and services should sharpen competition, promote productivity and force fair pricing. Unemployment, currently more than 16 million in the EC, should fall.

Public recognition of the significance of 1992 varies from country to country. In Great Britain, the Department of Trade and Industry has only just begun a public information campaign. In France and West Germany, surveys already show significant business and consumer awareness of the Common Market.

How fully its promise is met, however, depends on how successfully the 12 EC nations overcome their sovereignty concerns and national interests to act in concert. Alongside the logistics of approving over 300 legislative proposals within the next 36 months, proud nations must abandon some of their independence and traditions.

Coordinating National Standards

West Germany, with its beer "purity" laws, must permit the sale of Italian lager made with chemical additives. Italy, insisting that anything called "pasta" be made from durum wheat, must allow German pasta with common soft wheat.

France, which has allowed the sale of only "live" all-natural yoghurt, must accept pasteurized imports from Spain. Belgium, which prohibits vegetable fat in chocolate, must admit Danish chocolate made with vegetable fat.

How will a compromise be reached between Greece's relatively undemanding and Great Britain's stringent safety and testing standards for pharmaceuticals? Will the 12 countries trust each other to inhibit the movements of terrorists, illegal drugs and other contraband?

A series of recent takeover attempts have raised questions about when and how the EC

will regulate corporate mergers. These include the bid by Italian financier Carlo de Benedetti for Société Générale de Belgique, the bid by British Airways for British Caledonian and the bid by London's Pearson, the Financial Times' parent, for Les Echos, the French business daily.

Will the single market generate merger mania, encouraging companies to spend on acquisitions rather than build from within? Will certain critical economic sectors be dominated by large conglomerates with no allegiance except to shareholders and the bottom line?

The EC is aiming for a coherent corporate takeover policy that balances the public interest of the Common Market—as opposed to individual countries—against the commercial needs of companies.

Another nettlesome concern is the various rates of value-added tax that different EC nations charge on the sale of goods and services. To effectively remove border

duties, the EC says VAT should be standardized at between 4 and 9 percent on all purchases, instead of the current range from zero to more than 30 percent.

Much of the opposition to VAT standardization comes from Great Britain, where Prime Minister Margaret Thatcher wants items such as books, newspapers and children's clothing to remain exempt from the tax. Britain is also concerned that standardization could cost its Exchequer over £2 billion a year on the revenue it earns from the sale of alcoholic beverages.

Even if every proposal is enacted by 1992, questions will remain. Can the barriers come down without abolishing internal foreign exchange—perhaps by expanding reliance on the European Currency Unit (Ecu) so that it comes into everyday use throughout the community?

Despite these obstacles, the EC's attempts symbolize a new mood of cooperation and a new European identity. The EC may never become a United States of Europe, but finally its real advantages are being accepted. Today it is rare to hear the political leaders of any member nation say they would be better off if they had never joined.

—Timothy Harper

Professional Preview



Recently a spokesman for French pharmacists talked of the prospect of open national borders as nothing less than "a scandal" while a spokesman for young French lawyers saw open borders as a chance "to export our skills."

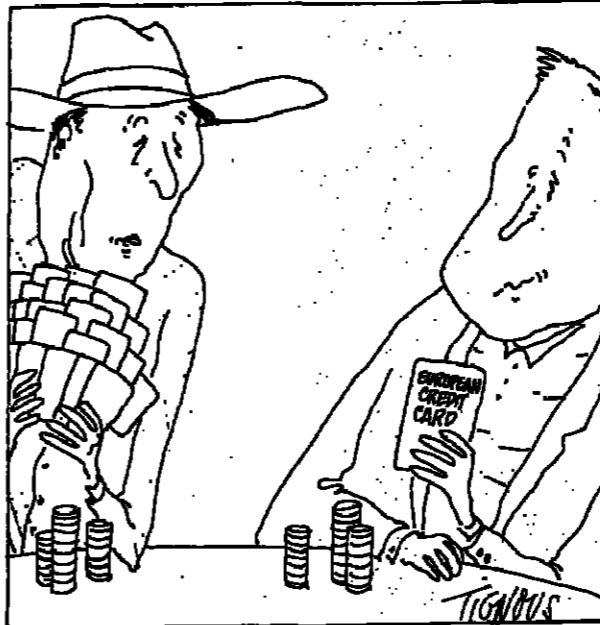
That deep division of opinion about Europe's move toward genuine economic unity is characteristic of many professionals—bankers, pharmacists, insurance brokers, lawyers, accountants—as they look toward 1992. Anxious or confident, they are trying to envision what Europe will be like without frontiers.

Bankers can expect to benefit from a "right of establishment" that wipes out most of the current national restrictions on foreign banks. A German bank will no longer need Great Britain's approval to open a branch in London, and a British bank will no longer need Germany's approval to open a branch in Frankfurt. Moreover, the British bank in Frankfurt will be able to operate largely according to British, not German, banking laws.

For the bankers themselves, this will mean greater competition and specialization and more freedom in the placement of bank funds. "Information technology will expand, and that is good for the banking industry," notes George Yannopoulos, chairman of the Graduate School of European and International Studies at England's Reading University. As for the customers, they can expect easier ac-

cess to money, a drop in credit rates and a much wider range of choices. An Italian, for example, will find it possible to shop around for a mortgage not only with Italian banks, but also with the Italian branches of British banks. A Spaniard in search of higher interest rates will be free to move his money from a Spanish bank to a German bank established in Spain. Already Europe's top banks have given impetus to the Community's financial integration by announcing compatible credit cards within the next three years—while the Germans are pushing hard for a central European bank and a common EC currency.

In the legal profession, a landmark judgment handed down by the European Court earlier this year has cleared the way for the practice of law across borders throughout the European Community. The decision not only struck down restrictions imposed on foreign lawyers working in West Germany, but by extension ruled out similar restrictions in all member states. Among the chief beneficiaries of the open legal frontiers will be the big British law firms that have made a specialty of resolving conflicts between differing and sometimes contradictory national laws and those of the European Community. Because clients will increasingly need and demand international legal skills, the larger firms that can specialize and practice



While banks bargain for their business with competitive rates and compatible credit cards, many professionals will be staking their future on the need for new skills in an integrated Europe.

law on a European scale will benefit. Signs of the changing times can already be seen in some of the traditionally conservative French law firms, where knowledge of Common Market law has always been scarce. Now many young French lawyers are doing some of their training abroad while improving their foreign language skills.

Insurance Sector

The nightmare of many in the insurance industry as they look toward 1992 has been that foreign insurance agents will be slipping in to deprive them of the lucrative car, health and household insurance contracts that provide much of their income. In fact, that segment of the market is subject to such a complex maze of national rules and regulations that it will almost certainly not be deregulated for several years. What will be affected is the part of the market that involves so-called high-risk policyholders—companies of a clearly defined

size and volume of business, buying group insurance for their employees. As deregulation proceeds, the high-risk market will be open fully to cross-border competition, allowing firms to sell policies abroad without having to submit their contract conditions to the local authorities for approval. Limited deregulation has strong support, even among large insurers. "We

want the market to be liberalized step by step," says Jörn Badenbopp of the German Insurance Industry Association. He anticipates that increasing liberalization of the high-risk market will gradually "erode national regulations." When these are "replaced by European standards, we will have an integrated European insurance market." Looking forward to that day, some insurers have already launched their own expansion programs. One of the boldest involves the French insurance firm Compagnie du Midi, which last fall bought the British insurer Equity & Law for \$800 million. The goal, explains President Bernard Pagezy, is to build "one of the great European financial groups," capable of competing across frontiers.

As the 1992 deadline draws nearer, professionals in many other fields are reassessing their chances and recalculating their way of doing business. Paris auctioneers, who have built a \$250 million art auction market under strict controls, are considering pushing

for a change in their quasi-official status so that they can compete on a more open commercial basis with giants from abroad. Like Christie's and Sotheby's, French auctioneering houses are already stressing foreign languages and an expansion of services in response to the increasingly international commitments of their clientele. Europe's engineers, meantime, have taken steps to resolve a problem that agitates accountants, pharmacists and many other professionals—the lack of an agreed-upon, Europe-wide standard of training. Taking the British system as a model, the European Federation of National Associations of Engineers has decided to create a "European standard," which will require three years of studies and four years of professional experience before a candidate is entitled to the largely symbolic title of "European engineer."

Eroding Frontiers

For those professionals who already have heavy commitments abroad, 1992 will mean a long-overdue relaxation of onerous controls. Axel Biagosch, board member of Colonia Versicherungsgruppe, Germany's sixth largest insurance company, expects a drastic reduction in paperwork. "If we want to sell insurance abroad," he says, "we will have to deal with only a ten-centimeter pile of documents instead of with one a meter high." Even those professionals who fear the international competition that 1992 will bring, acknowledge that only one profession is gravely threatened—that of the customs officers who guard Europe's croning economic frontiers.

—Reported by Roger Beardwood, Timothy Harper and Sabine Krueger.

European Telecom Organizations ask you: Complicated business communication or Teletex?

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Honori de Balzac in a personal business letter to Evelina Hanska, 1837.

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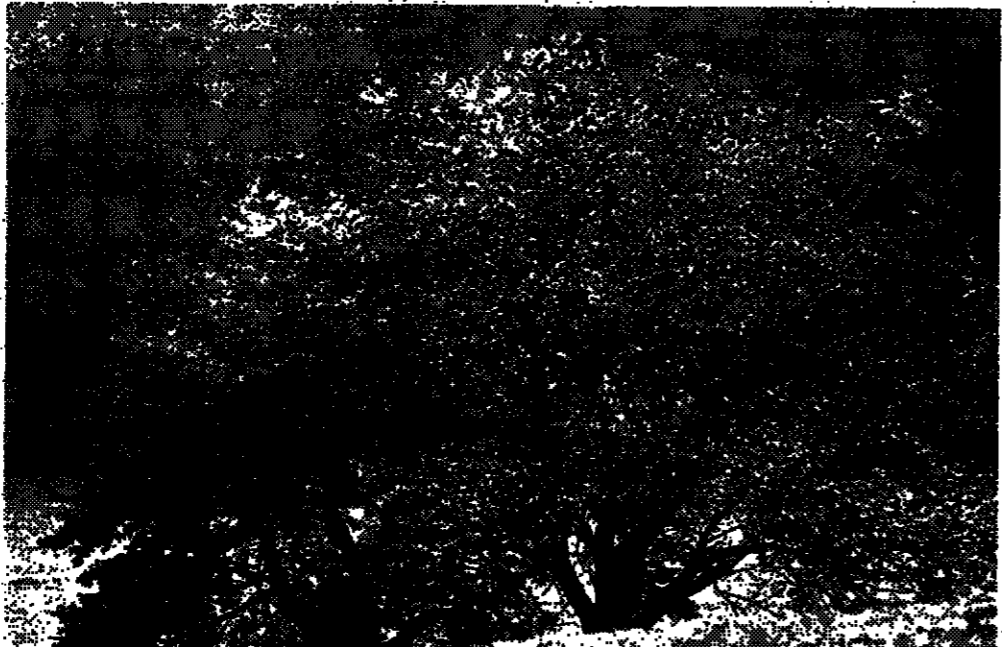
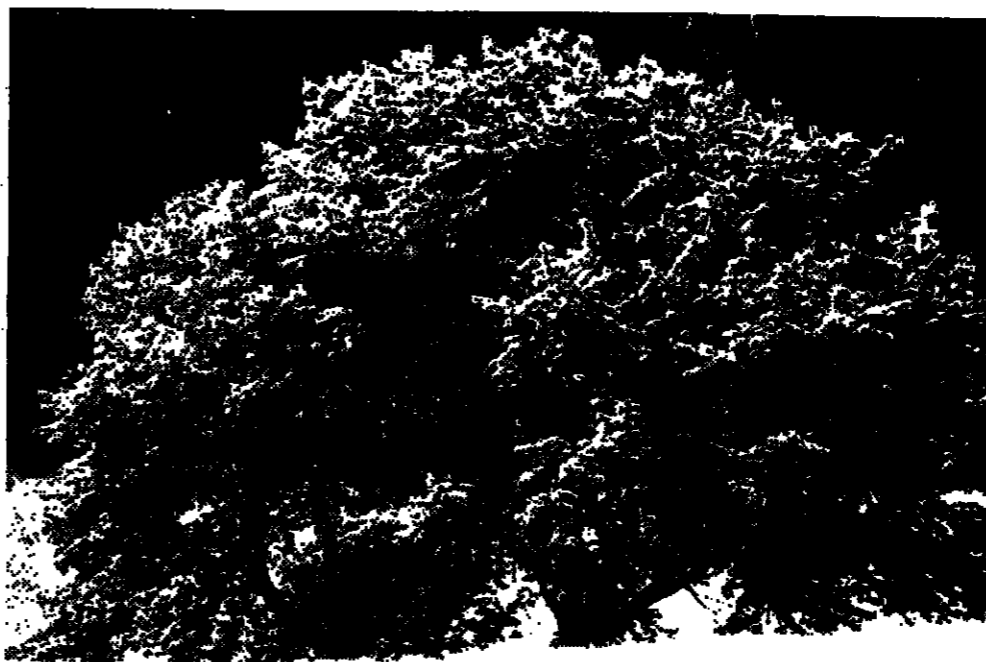
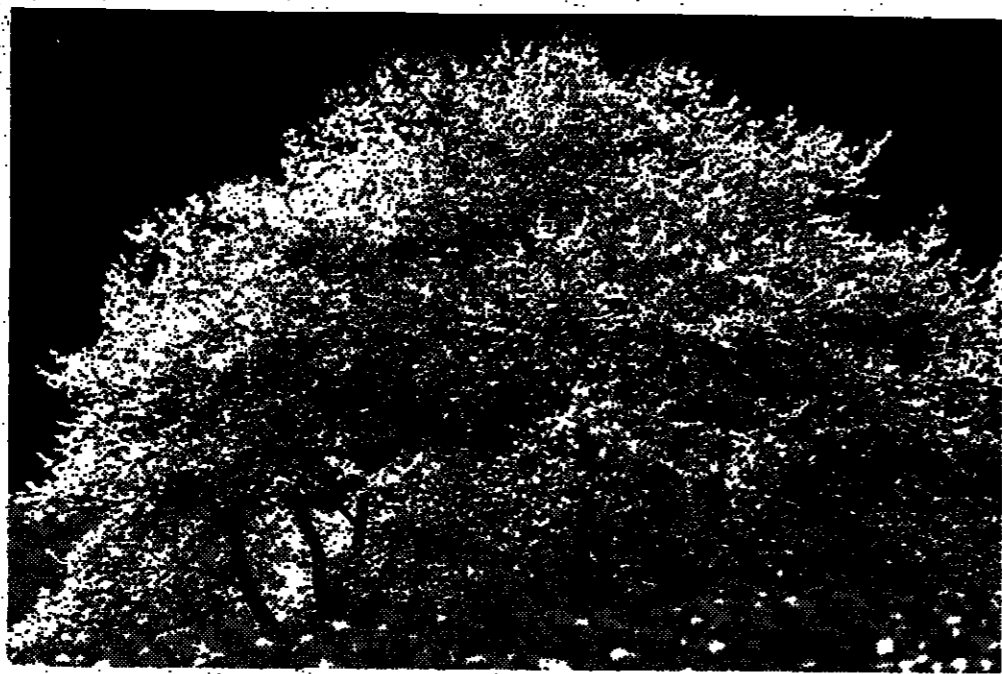
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WHAT NATURE TAUGHT US ABOUT BUILDING CARS





Consumers Should Benefit from Broader Choice, Lower Prices

INDUSTRIALISTS generally refer to the EC's internal market in terms of its 320 million consumers. But what about the consumers themselves? What do they stand to gain?

According to studies undertaken by BEUC, the Brussels-based umbrella organization of European consumer groups, there should be two major changes. First, in terms of lower prices, and secondly in terms of wider choice.

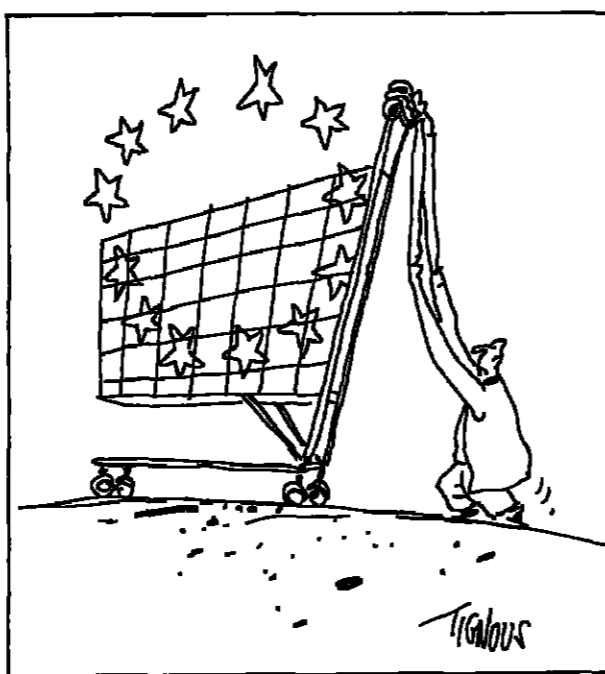
Some prices should fall as a result of changes to Value Added Tax (VAT), the common system of indirect tax used throughout the EC. The Commission has proposed that all EC countries apply just two types of VAT, a standard rate of 14-20 percent and a reduced rate of 4-9 percent. This means that consumers in France and Belgium, for example, should benefit from cheaper electronics goods such as TVs, radios and hi-fis, which currently carry the luxury rate of 33 percent.

The Commission's plan to remove all border controls and formalities within the EC could have even further-reaching effects. For a start, people

living in border areas will be able to take advantage of lower prices by crossing the frontier to shop without having to worry about keeping within a traveler's allowance.

The most important effect, however, according to the BEUC, will be to boost competition. Without border controls, enterprising companies will be free to exploit major price differences between markets. When parallel importers such as these arrive on the scene, manufacturers sit up and take notice. Unable to hide behind the barriers that currently isolate the EC's national markets, they will have to bring their own distribution and pricing policies into line.

The BEUC cites the British and Belgian automobile markets as an example of the way this process can work. When car prices in the U.K. were high, importers chose to increase their profit margins rather than undercut domestic producers. Meanwhile, Belgium car prices were low because of the absence of domestic producers to protect and government price controls. In 1981, attracted by the massive 51 percent difference in pre-tax prices between these markets, the parallel importers moved in. By June 1987, the price difference was down to 19 percent, partly due to competition which forced manu-



facturers selling in the U.K. to offer substantial discounts. Parallel imports from Germany have similarly forced down car prices in Italy.

At present, such business is only worthwhile if it deals with large purchases and substantial price differentials. But once border controls have gone, parallel imports will be viable for a much wider range of products.

Manufacturers do not take kindly to parallel imports. They are bound to try to stop them whenever they can, by preventing supplies reaching alternative distributors or by refusing to honor guarantees on products sold by the parallel importers. But such practices violate existing EC anti-trust rules, and the European Commission will be there to enforce them.

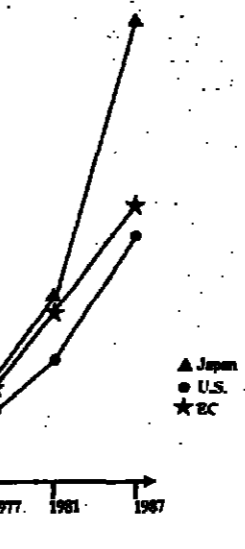
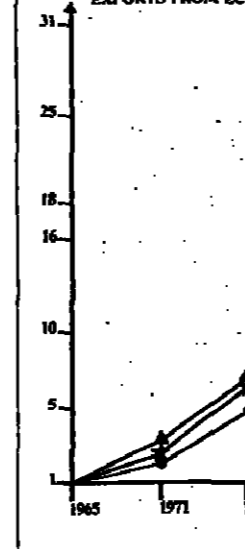
Apart from physical frontiers, technical standards impose a further barrier on trade between EC national markets. British Trade and Industry Secretary Lord Young has used the example of TV sets to pour scorn on the whole

notion of 1992. He says he will believe in it when he can walk into a shop in Oxford Street, buy a TV set there and then take it anywhere on the Continent to watch. At the moment, a British TV would be unusable in France, which has its own SECAM standard, and would have to undergo minor technical adjustments to pick up sound as well as pictures in other Continental countries.

What Lord Young omits to mention is that the EC countries have already seen the error of their ways. They have agreed upon a common standard for transmitting TV signals from satellites, and are close to imposing their new-generation digital standard for High Definition TV on both the United States and Japan.

The EC countries have also got their act together on cellular mobile telephones. After just five months of negotiations (a record for the Community), they have agreed on a single EC standard to replace the five existing alternatives.

As far as the BEUC is concerned, two clouds remain on the consumer's horizon. First there is the risk that dangerous products banned from one country's market will merely be shifted onto another. BEUC condemns the current EC mechanism for the exchange of information on dangerous products as totally in-



The above graphs show the disparity in the EC trade increases to and from the U.S., Japan and the EC itself. Points on each curve indicate values relative to the base year of 1965, defined as 1.

In October 1987, EC imports from Japan reached an unprecedented \$3.9 billion, compared to a monthly average of \$65 million in 1965. Japan's increased spending power caused a similar sharp rise in exports from the EC, but the actual figures were far lower — \$1.5 billion last October against an average of \$43 million dollars in 1965.

Over the same period, EC imports from the U.S. were hit by the strength of the dollar and only climbed from \$665 million to \$6 billion per month. EC exporters, cashing in on the favorable exchange rate, shipped \$7.8 billion worth of goods across the Atlantic in return.

Internal EC trade increased twenty-fold from a monthly average value of \$2.5 billion in 1965.

Source: OECD monthly statistics.

Washington Welcomes Competition, Warns of Protectionism

FOR Americans, the prospect of an integrated market in the European Community by 1992 is both an opportunity and a challenge.

For businessmen, the advantage of a single European market of 320 million people and a GNP as large as our own beckons invitingly. I can report, from the rising number of daily phone calls and letters to my office, that businesses old and new all across the United States are focusing more and more on the European potential.

What will such a market mean for the American companies doing business in the Community and for EC-US trade relations in general? First and foremost, an integrated market should help generate considerable economic growth in the Community. This is not only good news for European business, but for European job creation and European consumers as well. And it is good news for Americans, too. In this increasingly interdependent economic world, only the greater growth of our major trading partners can relieve the economic and financial imbalances that threaten us all.

Moreover, Europe, as well as the United States, can only prosper in a climate of significant, sustainable non-inflationary growth.

To Coin a Phrase...

WHEN the West German Commerzbank gave silver ECU coins as presents last Christmas, it raised a few eyebrows and a legitimate question: Where can you spend them? Certainly not at a hot dog stand.

The prerequisites are fixed exchange rates in Europe and a single unified monetary policy," says Commerzbank economist Jürgen Pfister. "Governments and central banks would have to give up their autonomy over monetary policy." They could no longer cut interest rates to stimulate their economy nor could they increase interest rates to ease inflationary pressure. Asking politicians and central bankers to hand over the effective control of their economic policies is clearly asking a lot.

West German Foreign Minister Hans-Dietrich Genscher, whose country currently holds the rotating presidency of the Council of Ministers, recently urged the EC to set up a special council of experts charged with drawing up a statute for a European central bank within one year.

"I think the importance of the ECU will continue to grow gradually with the de-regulation of European financial markets," says Commerzbank economist Harry Schröder. If governments and central banks lift the remaining restrictions on private ECU transactions, "Investors and businessmen will be able to choose whatever European currency they want for their dealings."

The ECU is gaining political support as more governments promote the European cause. "The European Commission plans to make more use of the ECU," says Schröder. His colleague Pfister agrees: "Acceptance is growing." But, he adds regretfully, it will be many years before ECUs can be spent at a hot dog stand.

Under the treaties governing the Community, companies incorporated in any EC member state are treated as EC entities regardless of ownership. European subsidiaries of American companies should, therefore, benefit fully from the integrated market. But it is also critical that exporters to the Community from the outside not be disadvantaged. While it is obvious that it is much easier to export to one large market with a single set of industrial standards and government regulations than to 12 smaller ones, we are greatly concerned with details of implementation.

The so-called official ECU is used for transactions between European central banks. The European Monetary System (EMS) uses it to fix exchange rates. And the European Community budget is calculated in ECUs.

In recent years, acceptance of the ECU has grown, but it still means little to the man on the street. Things could change if plans to create a single European central bank and a single European currency were realized.

I hope that those who guide the course of development of many pan-European industries and financial institutions do not yield to the temptation to benefit existing European companies in an unfair way. Some at home are already concerned with calls in Europe for the creation of European competitive strength by nurturing certain industries in the integrated market. Such calls suggest the closing of the new European market to fair and legitimate competition from the outside. By whatever name, that is still protectionism. Were it to happen, the Community would soon find itself cut off from the free flow of information and technology, and on its way to losing further ground.

Protectionist measures need not necessarily be deliberate; in the complex intra-Community negotiations lead-

ing to the integrated market, measures could be taken inadvertently that would impede third country trade.

For these reasons, we believe it essential that the Community maintain a close dialogue with its major trading partners to anticipate and resolve any potential disputes before they become real problems.

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Jonathan Todd writes for The Sunday Times from Brussels.

— Alfred H. Kingston, United States Ambassador to the European Community

TRAVEL

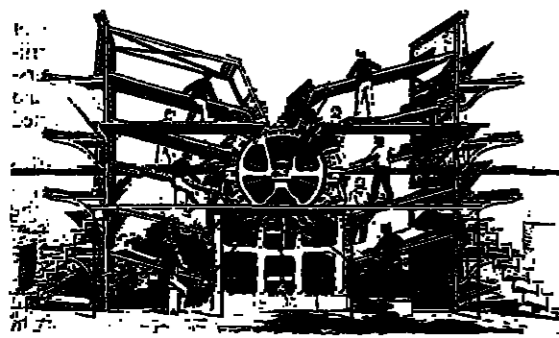
- Gardens of Madeira
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International Herald Tribune

TRAVELER'S CHOICE

Fleet Street Archaeology

To mark the now almost complete dispersal of the London press from its traditional city-center enclave, an exhibition called "Farewell to Fleet Street" celebrates the architecture and old technology of the print industry. It shows how The Street emerged as the printing district of London, just as weaving and other trades had their special centers, and also how the particular needs of print, especially those of newspapers, led to the development of a special kind of building — neither factory nor office but a special blend of the two. "Some of this newspaper architecture is splendid, some of it banal, but all of it is distinctive," according to Susie Barson and Andrew Saint of the English Heritage group, authors of a book to accompany the exhibition. The show features architectural drawings and photographs of such disparate edifices as the old Times building of the 1870s, The Daily Express's revolutionary glass and vitrolite "Black Labian" facade of the 1930s, and art deco details at New Carmelite House, once home of The Daily Sketch. Drawings and examples of machinery, such as this of a Hoe 10-cylinder press with sheet feed, as installed at The Times in 1857, are also on show, as well as maps to help guide those who want to make a last pilgrimage. These do not mark the pubs, however, as much a part of the Fleet Street tradition as the offices. Until May 8, Museum of London, London Wall, London EC2; tel: (1) 600 3699.



No Parking Place

New Yorkers who break traffic laws in Quebec will face the consequences back home, and vice versa, as the result of a reciprocity agreement signed earlier this year by New York State and Quebec. The agreement makes motorists found guilty of an infraction in one of the places subject to their home area's penalties. Thus, if New Yorkers are ticketed in Quebec and either pay a fine or fail to show up for a trial (considered pleading guilty in Quebec), they will get penalty points on their New York driver's license, or, in cases such as driving while intoxicated, lose it. The mechanism to enforce the reciprocity will probably not be in place until early June, according to Quebec's motor vehicles bureau. Under the agreement, if a New York driver owes a fine to Quebec, his driving privileges will be suspended until the fine is paid. The same will hold for Quebec drivers who owe New York money. The motor vehicles bureau said this provision would not be in effect until the fall.

Short Runs in High Style

People who like to travel in style while spending as much as possible in the shortest possible time will be interested to know that you can now fly Concorde from France to Ireland (or vice versa), and ride the Orient Express between Paris and London. A five-day jaunt from Paris to Ireland, taking in a medieval banquet at Bunratty Castle (near Limerick), the Lakes of Killarney, the Gap of Dunloe and the Cliffs of Moher, costs 7,450 francs (about \$1,300) round trip. The price includes a flight in one direction on an Air France Concorde. The Paris-London or London-Paris section of the Orient Express journey costs, with private double compartment, 2,700 francs, rising to 2,850 francs in May, June, September and October. The train between Folkestone and London is composed of renovated rolling stock from historic trains such as the Golden Arrow and the Brighton Belle, on the Boulton-Paris leg, the train is the famous blue and cream Orient Express, complete with salon-bar and pianist.



by Alberta Eiseman

Seward, Alaska — It's hard to identify one particular place that spells Alaska. The Great Land is so diverse, so vast, that no one city or destination can act as a symbol. Still, after spending a few days in Seward, a frequent visitor to the state is tempted to suggest that this small town on the Kenai Peninsula is a good choice for those wishing to sample "the real Alaska."

Situated 127 miles (204 kilometers) south of Anchorage, this community of 2,500 people is wedged between Resurrection Bay and mountains brushed with ice and snow even in summer. In recent years, Seward has gained renown as the Gateway to Kenai Fjords National Park. Don't let the catch phrase conjure up tourist hordes similar to those encountered at Yellowstone. Kenai Fjords National Park — more than 500,000 acres (202,000 hectares) of coastal mountains, lakes, rivers, glaciers and ice fields — is barely 8 years old. Most tourists, and even residents of Anchorage, are unaware of its existence.

Aside from the setting, what gives Seward its special appeal is a mix of hard-to-define Alaskan traits: an end-of-the-road sensation; unchanged wilderness just beyond the city limits; enough informality, a touch of funkiness, that give the outsider a sense of being truly in the 49th state.

"We don't have a single traffic light in Seward," boasted a hotel clerk. She might have added "and not much traffic, either," except perhaps on the days when the ferryboat Tutumena, which plies the Gulf of Alaska between Kodiak Island and Prince William Sound, disgorges its cargo of motor homes and cars.

Seward can be walked from end to end easily on the neat grid of streets that make up the downtown. You'll find no shopping centers, no malls or chic boutiques, and none of the hotel chains. Yet there are plentiful accommodations, ranging from the New Seward Hotel with its comfortable new wing, to numerous campgrounds, some of them in town on a grassy area that

borders the shore of Resurrection Bay.

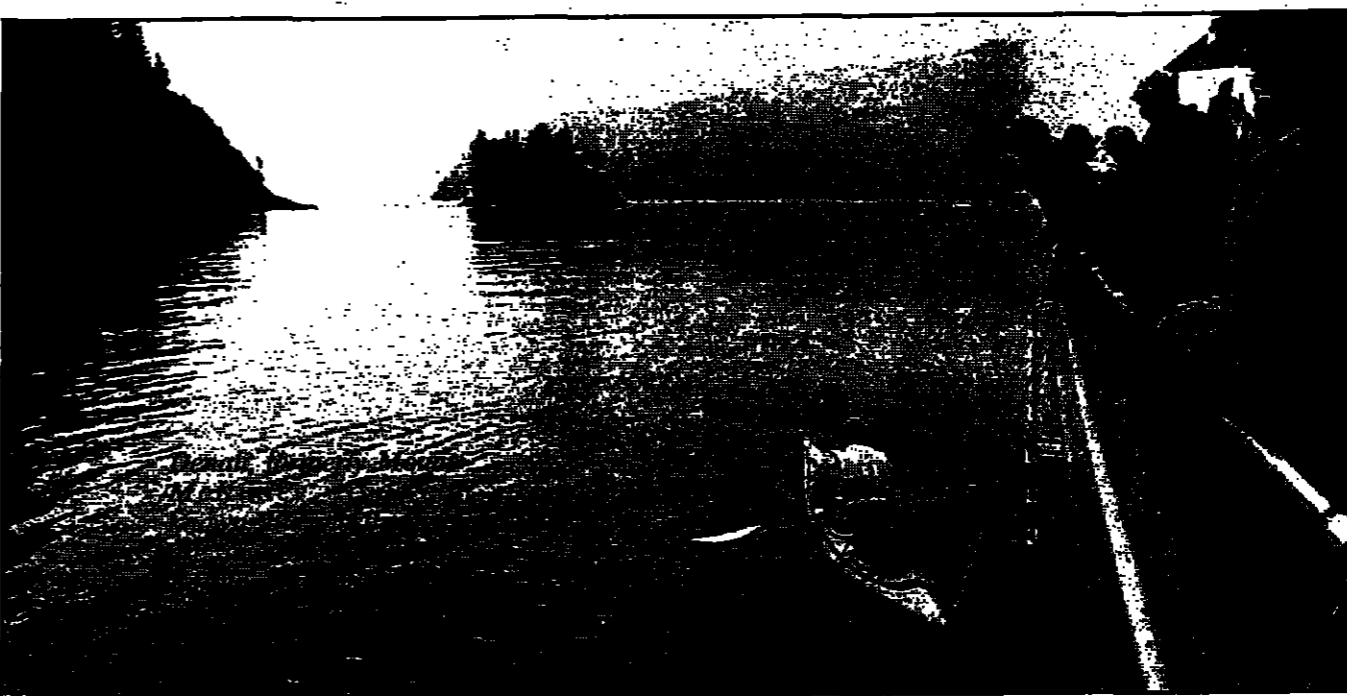
The bay was named in 1792 by Alexander Baranov, governor of what was then Russian America, as he sailed into the sheltered waters on Easter Sunday on a mission to find a site for a shipyard. Present-day Seward was founded in 1903 by the Alaska Central Railroad as a terminal and supply center for a proposed line to the interior. It was named after William H. Seward, the secretary of state who, in March 1876, persuaded the Russians to relinquish their holdings for the sum of \$7.2 million — 2½ cents an acre. Nineteenth-century Americans derided the purchase, calling the territory Seward's Icebox and Seward's Folly, but Alaskans pay yearly tribute to the skillful statesman on Seward's Day, the last Monday in March.

Details of these events, and many others are illustrated in a museum run by the Resurrection Bay Historical Society in the basement of the City-State Building. Displays include vintage photographs, pioneer tools and garments, early dog sleds and objects crafted by the native cultures of south-central Alaska: Eskimo, Indian and Aleut.

An event that has left an indelible mark on the town's consciousness is the earthquake of 1964. Six tidal waves sent 3,500 feet (1,065 meters) of water front sliding into the bay, destroying the docks, the railroad yard and — for a time — the economy. Maps and photographs at the museum show the catastrophe's effects; across the street, the library presents a slide show on the subject.

Much of Seward was spared. Numerous buildings date from the turn of the century and can be viewed on a walking tour devised by the Chamber of Commerce. Maps are available at the Information Cache, a former railroad car, where brochures and advice are handed out.

The homes and commercial buildings on the tour are by no means architectural landmarks, but they evoke the state's pioneer days and some, like St. Peter's Episcopal Church, have a picturesque charm. The wooden building, completed in 1906, is noted for its altar painting,



in which the artist Jan Van Empe depicts the Resurrection as though it happened just around the corner. Christ rises above the waters and snow-capped peaks of Seward; in the foreground, the local folks — settlers and natives — gather around the tomb, with rapt expressions. To view this unsophisticated but appealing work, ask at the In-

formation Cache for the key to the church.

It is best to save these in-town activities for the rainy day that is bound to occur in this maritime climate, and head for the great outdoors when the clouds lift. Resurrection Bay is known for its plentiful supply of halibut, sea bass, snapper and salmon; the small-

boat harbor is home to a wide selection of charter boats.

The most prized catch in these waters is the silver salmon. Witness the derby that has been held for 32 years during the second week in August, and which brings thousands of sports fishing fans into town. Other enthusiasts who have their own special day are the run-

ners, who gather each July 4th for the Mount Marathon race. Starting downtown, 200 men and women run to the top of a bleak 3,022-foot mountain that rises steeply behind the settled area while big crowds line the streets to cheer them on. For hikers, there are dozens of

Continued on page 9

Breton-American Connection

by Robert K. McCabe

QUIMPER, France — There they stand, seven feet tall, glazed gazes intersecting at the door of the factory that has made them immortal. On the left, Le Petit Breton steadfast in his baggy pantaloons and wide-brimmed hat, across from him La Petite Bretonne, his demure, aproned and lace-capped consort.

There are those who argue that they are better symbols of France than the ever-gorgeous Mari-Anne, or even that egregious rooster. Or Alphonse and Gaston, for that matter.

But they're not French, these

two. They are pure Breton, and their images on this town's bright-colored dinnerware have made Quimper and its pottery famous round the world.

Quimper itself, capital of Finistère and quintessentially Breton, is as bright and colorful as its pottery. There are fine old medieval houses along the winding lanes of its center, neat white cottages on its green hillsides — and a quirky 12th-century granite cathedral, its not-quite-straight nave adding a suitably Celtic eccentricity to the scene.

Most important, here in this region where the land ends and the sea gnaws remorselessly at its rocky fringe, the Breton language still ornaments the mood. And not just in conversation. In a lit-

tle shop across from the cathedral, books and newspapers in Breton and the other Celtic tongues abound. Records and cassettes from the cousins over the water in Scotland, Ireland and Wales underscore the ties of blood and culture.

OUT here, France proper (or improper) seems far away. Not so in Brittany's capital, Rennes, which is just another prospering French industrial center. But as the roads roll west from Rennes, the real Brittany takes form: multi-steepled steeples in villages spotted by more and more shop signs in Breton, granite houses and shops with a startling resemblance to

what's across the English Channel and the Irish Sea.

Even faces are different — rounder and ruddier and cheerier than the gloomy Gauls of the Hexagon. Food is simpler and the inevitable Breton crepes and cider are superb. So is seafood. Clothing? The deadening, homogeneous Eurostyle, but even on weekdays in Finistère one occasionally can see the high, exquisite lace coils worn proudly by women of pride. And on Sundays, those coils plus elaborate Breton dresses and aprons abound.

The men dress more soberly. The broad-brimmed Breton hat and pantaloons in the style worn by Le Petit Breton are usually on view only in the city's museum. But LPP is nonetheless the symbol of Quimper in general and its pottery in particular, despite a secret he may or may not keep under that hat: The deeply Breton Faïenceries de Quimper, situated here for almost 300 years, are now American-owned.

NOT long ago, in the early 1980s, there was at least an even chance that LPP and the pottery factory he made famous might vanish forever. The faïencerie's ownership was bankrupt, the plant was shabby and no one seemed interested in keeping it going.

Enter Paul and Sarah Janssens, of Stonington, Connecticut. Paul Janssens, 58, Dutch-born, had merchandised Quimper ware in the United States since 1955. In the '70s the couple opened a shop they called Quimper Faïence in sleepy little Stonington and became the sole U.S. importers.

Logically enough, the troubles of the Quimper factory concerned them mightily. In early 1983, when the plant was foundering, owner Jean-Yves Verlin-



Le Petit Breton in his wide-brimmed hat; La Petite Bretonne, with her lace cap.

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TRAVEL

Madeira: A Vast Botanical Garden

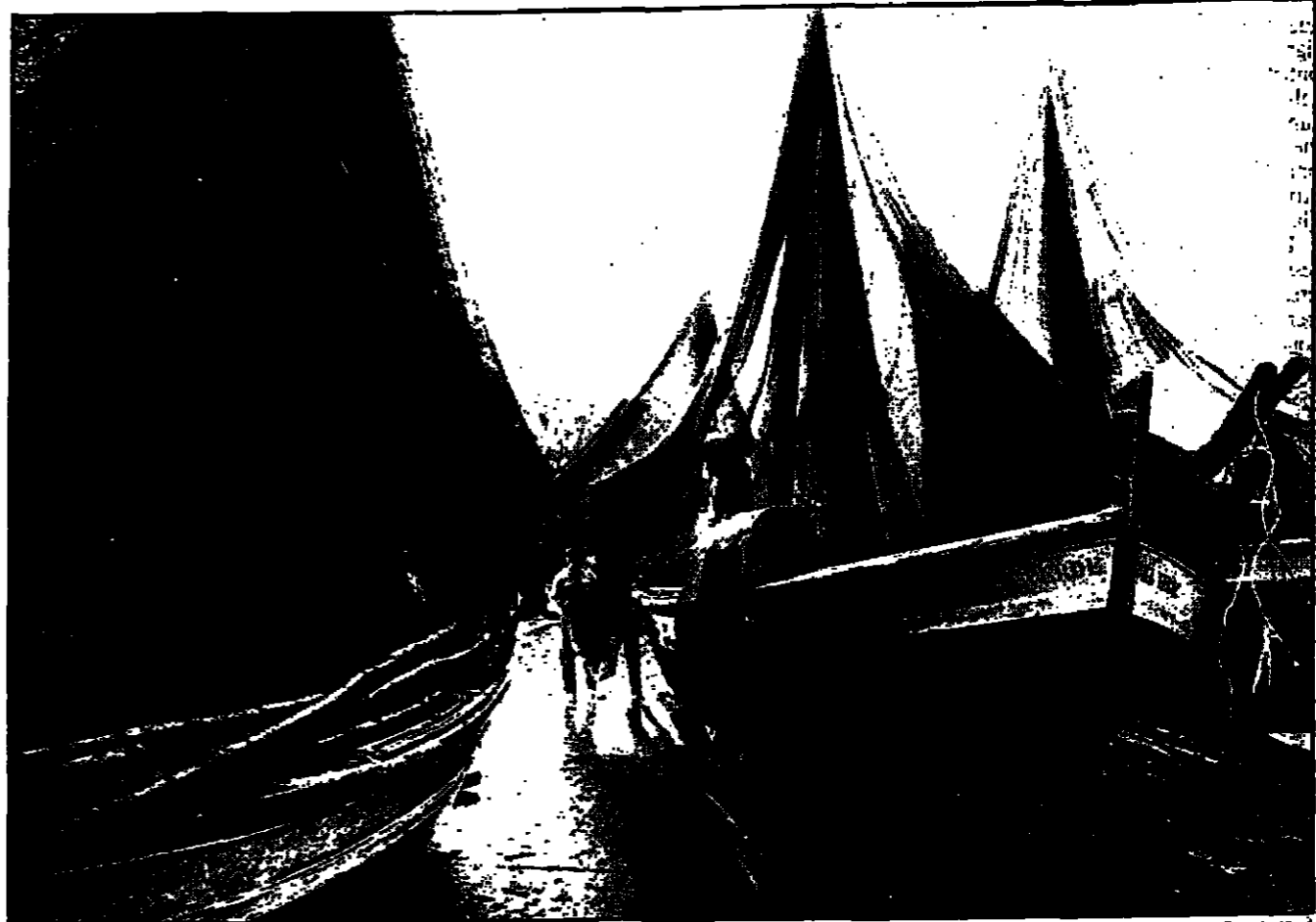
by Barbara Bell

FUNCHAL, Madeira — The dot that represents Madeira on world maps lies roughly at the level of Casablanca in the Atlantic Ocean, a half-inch or so off Morocco. Close inspection transforms the dot into a sunny, colorful little volcanic archipelago 340 miles from the African coast, composed of one main island called Madeira, high and green, another small sandier one, Porto Santo, mainly a beach resort, and several uninhabited bits of rock, the Desertas, which float attractively on Madeira's horizon and offer tourists on day cruises a chance to explore, and the more distant Selvagens.

Madeira has flowers everywhere, rugged black cliffs and gorges, banana plantations, almost no beaches but many large saltwater swimming pools, luxury hotels, a climate that residents call the best in the world because it varies so little (temperatures average 70 in summer and 61 in winter), buses that twist so steeply up mountain roads that they traverse several vegetation zones in a few minutes, and large wicker baskets on runners to slide back downhill in.

Madeira is probably used more often in reference to the wine produced than to the island itself. Bounties of climate and soil have turned Madeira into a vast botanical garden where indigenous plants and flowers thrive alongside species introduced from distant continents. Bird of paradise, anthurium, frangipani, bougainvillea, hibiscus and azaleas of all hues and many types of orchid, cactus and palm flourish wherever one turns in Funchal. Even in sparsely populated rural areas, tall blue and white lilies called agapanthus and enormous hydrangeas, most often an ethereal blue, line roads. Valleys are green with the tall rushes that Madeiran craftsmen weave into wickerwork.

Madeira has been Portuguese since the days of Prince Henry the Navigator, who sent two lieutenants, João Gonçalves Zarco and Tristão Vaz Teixeira, on an expedition that reached Porto Santo in 1418. Returning the following year, the two men landed on a bigger island 25 miles to the southwest and named it Ilha da Madeira, or island of wood, for its thick forests. Theories abound about supposed earlier discoverers — possibly Phoenicians, a sixth-century Irish monk or a pair of shipwrecked English lovers — but there were no inhabitants when the Portuguese arrived. To clear the land for agriculture, they set fire to the dense forests. The island is said to have burned for seven years. Drastic as that sounds, the ash-enriched volcanic soil was soon producing wealth, first in sugar cane imported from Sicily, and then in vines transplanted from



Ships in the harbor at Câmara de Lobos.

Crete that produced sweet grapes and a strong, distinctive wine.

Although 300,000 tourists a year, a majority of them from Britain, fly to Madeira to bask in the sun on package tours, geographic limitations have delayed the arrival of real mass tourism.

International travelers have been turning up on Madeira for centuries. Christopher Columbus, for example, not only visited 15 years before discovering America, but also married a Madeiran woman, Filipa Moniz, daughter of the governor of Porto Santo. Visitors are still shown a little white house where the couple is said to have lived and had a son, and a seated statue of Columbus overlooks the harbor of Funchal from Santa Catarina Park.

Britain's best-known vacationer on Madeira was Sir Winston Churchill, whose name is still invoked daily by tour guides in the fishing village west of Funchal called Câmara de Lobos. Charmed by a harbor full of brightly colored boats and fishermen's cottages, Churchill painted the scene repeatedly. He is commemorated by the Winston Churchill Snack Bar and a plaque in the slightly smelly, more developed Câmara de Lobos. Some guidebooks archly suggest that he might choose to bypass the village if he were painting today.

Only 13 miles wide and 35 miles long, Madeira is so mountainous that to explore it fully by car takes several days. The rough terrain has

also kept it worth exploring fully, preserving the character of individual villages. Camacha excels at folk dancing and wickerwork, for example, while Santana boasts multicolored wooden houses with steeply pitched thatched roofs and corn that is hung in trees to dry. Curral das Freixas, named for muns who supposedly hid there long ago as pirates looted their convent in Funchal, lies so deep in a green valley ringed by the remains of ancient volcanoes that most of its houses are mere white flecks to visitors who peer down on them from a viewpoint at Eira do Serrado.

Sweeping panoramas of mountains and seascapes continually surprise travelers on Madeira, who are often startled by the sensation that they are overlooking the landscape from the air.

Although few serious accidents are reported, drivers who suffer from vertigo are warned that they should not consider renting cars on Madeira. People who fear heights may even be uncomfortable on the excursion buses that crisscross the island.

Several peculiar forms of transportation evolved on Madeira over the centuries: the hammock, the ox cart and the wicker basket chair. To recline in a shaded cloth hammock suspended from a long bamboo pole and be carried by two white-suited gentlemen to see Madeira's sights must have been rather idyllic. Unfortunately, this mode of transport is confined today to postcards.

Funchal is a lively city of 100,000 where strollers walk on black and white pebbles inlaid to form elaborate designs under purple-flowering jacaranda trees. The St. a large white 15th-century structure in Manueline Gothic style decorated with volcanic stone, was Portugal's first cathedral built overseas. A striking newer landmark is the casino, constructed in 1979 by Oscar Niemeyer, architect of Brasilia.

Also of interest to visitors are the Museum of Sacred Art, with some notable 16th-century Flemish works that came to Madeira as part of the sugar trade; Santa Clara Convent, up a steep hill and containing the Gothic tomb of Zarco in an extravagantly tiled church.

and the nearby Quinta das Cruzes, Zarco's own villa, now a museum of decorative art. The Quinta das Cruzes is set in a botanical garden where the visitor can wander among palm trees, orchids, two freestanding Manueline window frames, cactus, ferns and a collection of tombstones. Extravagant gardens are plentiful in Funchal, lush and brightly flowering with quiet paths, benches and fountains, and tiny lizards that dart by the dozens into rock walls at a visitor's approach.

To comprehend the bounty of the island's rich soil and its deep, clear seas, visit Funchal's main market on the Praça dos Lavadores. Beginning early in the morning, elderly women in traditional red flower seller costume set up piles of giant saffron and freshly cut stems of bird of paradise. Beyond them, sunshine floods over striped umbrellas and vivid pink, flowering trees in an open courtyard thronged with shoppers and crowded with stands piled high with mangoes, figs, bananas, onions, avocados, melons and bright red peppers, an abundance that sprawls up stairways and onto a second floor, overlooking the lively scene.

Through a doorway at the back of the courtyard, the visitor steps into a wet and shining world, fit tones of gray, black and silver, the fish market. Corpulent fishermen slice enormous slabs of whole tuna as rubber-booted workers fling onto rough tables stacks of four-foot-long espada fish, a startlingly ugly creature also called the black scabbard fish, which yields tasty white flesh that is an island gastronomic specialty.

Hideous as it is, the espada brightens nights on Madeira. Every evening after sunset, a multitude of lights begin to wink on the horizon off Funchal, giving the impression that there is an inhabited shoreline in an area where the Atlantic stretches unbroken for hundreds of miles. Fishermen in inky-black, brightly painted boats are out there to fish all night for the espada, then return before dawn to Churchill's old hant, Câmara de Lobos.

Barbara Bell, who lives in Paris, wrote this for The New York Times.

To Cross Atlantic by Ship, Try a 'Positioning Cruise'

by Roger Collis

I KNOW about the QE2, but how else does one cross the Atlantic nowadays without flying?

Now that the Polish Ocean Lines has retired its venerable 36-year-old Stefan Batory, Cunard's flagship, the Queen Elizabeth 2, is the only passenger liner to cross the Atlantic regularly — between Southampton and New York — and then only from May to October.

The answer is to take advantage of what the travel trade calls "positioning cruises," when liners change position from a season in one cruise area to a season in another. Some of the finest cruise ships cross the Atlantic twice a year: in spring when they sail from the Caribbean or Central America to Europe, especially the Mediterranean, for summer cruising and in autumn when they return to warmer waters for the winter. These twice a year special take from nine to 20 days, some sail direct or make one or two stops while others follow an elaborate itinerary that often changes from one voyage to another.

Finding a positioning cruise to suit your schedule may not be easy. Most ships stay in one area all year round (I counted just 12 eastbound and eight westbound sailings for 1988) and trans-Atlantic crossings are grouped in two periods: March to May and August to November. But they are worth seeking out. A 10-day cruise, including return by air, can cost about the same as a round-trip economy class ticket. And you may get a couple of hotel nights thrown in.

For example, a nine-day cruise from Fort Lauderdale, Florida, to Lisbon in April with flights (Lond-

on-Miami and Lisbon-London) starts at \$1,596 per person, or about \$2,900. Or an 11-night cruise from Naples (via Madeira) to San Juan in November, which includes a flight from any U.S. gateway to London plus three nights hotel and a flight to Naples, starts at \$1,959.

Says Paul Mundy of Paul Mundy Ltd., the London-based cruise specialists, "If you're looking at days at sea, there is no cruise that's better value than a positioning voyage for the reason that they are run for the convenience of the ship rather than the passengers. Daily rates can be up to 50 percent less than a normal cruise. They're not necessarily booked up either. It's an unperceived bargain area. And in 1989 there'll be a better choice with up to six additional ships crossing the Atlantic each way."

THERE are bargains to be had as well on the QE2 on its 25 sailings this year across the Atlantic. Its first crossing this year is eastbound (April 29-May 4) and the last, westbound (Oct. 15-20). An attractive deal is the company package. Round-trip prices for a double cabin and two air tickets start at \$1,345 per couple. This is only \$480 more than two economy round-trip air tickets. For \$1,519, you can sail one way and fly the Concorde home. This is less than the cost of a one-way Concorde ticket (\$1,770).

Cunard has four positioning cruises this year. On April 9 the 650-passenger VistaJord departs from Fort Lauderdale for a 14-day cruise to Naples — calling at Nassau, Funchal (Madeira), Malaga, Ibiza and Cagliari. Prices, including flights from London to Miami and Naples to London, start at \$1,280 per person (double occupancy).

If you are looking for the ultimate in luxury you might consider sailing on Cunard's Sea Goddess 1 or its sister ship, the Sea Goddess 2. These are more like private yachts than cruise liners. Each carries a maximum of 116 passengers in 56 outside suites, with a crew of 80. As you would expect they are expensive; normal cruises in the Mediterranean and South America cost around \$700 a day. However you can sample the good life on one of their positioning cruises for less than \$500 a day.

A larger but still luxurious cruise ship is the 600-passenger Europa, operated by Hapag-Lloyd. On June 13, the Europa sails from Balboa

via the Panama Canal, Key West, Baltimore, New York, Halifax, Southampton, arriving at Bremerhaven on July 6. Prices start at \$1,030 Deutsche marks or about \$6,525 (with a flight from Frankfurt to Balboa).

One bargain is the 20-day Primavera cruise on the Sun Line Cruises' flagship, Stella Polaris, departing Fort Lauderdale on April 5 and arriving at Piraeus April 25. Prices (including the return flight) start at \$3,575.

Slightly more upmarket are the two positioning cruises each way offered by the Royal Viking Line. For example, you can sail from Fort Lauderdale on May 14 and arrive in Lisbon on June 1 (you call at San Juan, Barbados, the Canaries, Cadiz and Casablanca). The vessel is the Royal Viking Sea (500 passengers). Prices are from \$2,380 (including the flight out).

If you're looking for just a simple way to cross the Atlantic, the Royal Cruise Lines offers a first-time cruise to the United States on its new Crown Odyssey, which comes into service in June. It sails from Tilbury (London) Sept. 7 and arrives in New York Sept. 15. The ship carries 1,052 passengers. Prices for the one-way voyage (without plane) range from \$1,380 to \$3,180.

So what's the bad news? There isn't any really, except that all prices I've quoted are per person double occupancy. And that you usually have to take an entire cruise. You can't, for example, embark or disembark from the Europa at say, Le Havre, en route from North America.

However, most things are negotiable (such as fly/cruise packages). Says Bob Duffett at the Passenger Shipping Association (PSA) in London, "Don't be afraid to make known what you require as opposed to what they are advertising. Most will sell the sea element only." According to Duffett, you can judge the class of a liner by the space/crew ratio per passenger. "All ships, except for the QE2, are one class. But always look for single-seating dining."

Prices and deals vary even with the same line so check with a cruise agent: in the United States a member of CLIA (Cruise Lines International Association), in Britain a member of PSA. The best way to start searching is to look at the ABC Passenger Shipping Guide, then send for brochures.

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Advertisement for 'THE BELLE EPOQUE' book. The ad features a central illustration of a woman in a long, flowing dress from the Belle Époque era, surrounded by smaller illustrations of people in period clothing. The text describes the book as 'Eye-witness accounts of a shimmering era and its beautiful people — dazzling scandals — and crazy crazes — including the horseless carriage and flying machine!' and mentions that it is a long-time Trib fashion editor, Hebe Dorsey, who went into the archives of the old Paris Herald (original name of today's Trib) and collected the great news stories of the turn of the century — along with glorious, gossipy tid-bits, records of fabulous galas, stunning fashions, gentlemen's duels and "crazy inventions." The ad also includes a small image of the book cover and a list of prices for different editions.

Order form for 'THE BELLE EPOQUE' book. It includes fields for Name, Address, City and Code, and Country. It also has checkboxes for 'Access', 'Amex', 'Diners', 'Eurocard', 'MasterCard', and 'Visa'. The price is listed as \$5.00 each in Europe and \$14.00 each outside Europe.

RESTAURANTS

A Visit to the Old Lady

PARIS — On a recent morning, while dancing about Adrienne Biasin's minuscule closet of a kitchen to keep out of her hair, I realized what tolerance there was in bistrot cooking. The sturdy 66-year-old cook was working alone, juggling half a dozen tasks. The meats

Like so many other family-run restaurants, Chez la Vieille is a world of its own, operated a bit by whim, by mood, according to its own rules. Twenty, maybe 25 diners are served at Chez la Vieille each day, at lunch only. Recipes are blue-prints, not edicts to be followed to the last grain of salt.

Adrienne Biasin has been an institution since the 1940s. Her cuisine typifies that of the old neighborhood of Les Halles, the central food market that was moved from the heart of Paris in 1969.

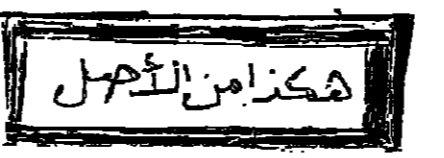
SHE began work as a waitress at the age of 20 in an all-night Les Halles bistrot. As she was the youngest in the dining room, everyone called her the old lady — la vieille. The name stuck, and when she opened her own place nearby in 1958, she called it Chez la Vieille. Her eyes almost tear up when she talks of the old days, when she went to work at 11 at night, and stayed with it until 11 in the morning.

"It was marvelous," she recalls. "You got to live twice each day. When the market closed, all the merchants would come in with their produce and meat, and we'd cook it up for them. People ate a lot then, and drank until daylight."

If Adrienne doesn't like your tone of voice, if you call as things are boiling over and the chocolate cake is about to burn, you won't get a table. People say that Adrienne has a "mauvais caractère," that she is touchy and a bit of a grump. Adrienne will agree. Her frowns and grimaces could make a ferocious dog tremble. But beneath a rather stiff, headmistress-like exterior, she is gentle as a lamb.

But people come to bistros like Adrienne's to be told what to do, what to eat and what not to eat. If she knows you are on a diet (or by looking at you, thinks you ought to be), she won't feed you veal kidneys or calf's liver, even if you beg. She knows what's good for you. There is no written menu, for Adrienne, with motherly prerogative, cooks whatever she feels like preparing that day. But whether it's pot-au-feu, or a sauté of lamb, ratatouille or tomatoes farcies, her customers know for certain that they will be well fed. Generosity is a bistrot trademark, and Adrienne's is no exception. Here, a medley of courses parades past the table, served up family-style out of huge white crockery bowls and terrines. Silvery berrings tossed with onions, oil and herbs; a full-flavored terrine of chicken livers served with crisp beignets and pucker conchions; those garden-fresh tomatoes stuffed with herbs, sausage and ham. There is plenty of everything and plenty for everyone. Adrienne's clientele is made up of regulars, an international mix of businessmen, French publishers, the local press and entertainers. Men make up the bulk of the clients in the tiny rooms on two different levels — and Adrienne seems to like it this way. There is one customer who has come for lunch every day for 25 years. At the end of each month, his accountant comes to pay the bill, and sip a glass of mid-morning Champagne with Adrienne as she shuttles between her closet-kitchen and the tidy dining room.

Chez la Vieille, 37 Rue de l'Arbre Sec, Paris 1; tel. 42.60.15.78. Lunch only. Closed Saturday, Sunday and August. No credit cards. About 100 francs a person, including wine and service.



TRAVEL

Breton

Continued from page 7

gue came to the United States seeking a significant increase in orders from his U.S. outlet to tide his firm over. But he couldn't salvage the firm. In April, he declared bankruptcy. Next, in an action some workers viewed very dimly, he reopened, rehiring only 150 of the 267 employees. That ignited a strike, and three months later Verlingue declared bankruptcy again, this time for good.

Back in Stonington, which is something less than a world financial capital, the increasingly anxious Janssens phoned Quimper almost daily in an attempt to keep in touch. "We began talking about buying the plant the night we heard it had closed for the second time," Paul Janssens remembers. That evening, over a drink, they convinced themselves it was a good idea. "But," he said, "it took us another five weeks to convince Verlingue that we were serious."

After several flying visits to Quimper, they got their message across to all concerned, including the French bankruptcy court. They gave Janssens a green light. He plunked down the required \$65,000 deposit, went back to the United States and rounded up 25 investors and the required \$475,000.

For the first three years, thanks to start-up allowances from the French government, the company did well. In 1984, the year the U.S. investors took over, profits were \$46,000 francs (a bit less than \$60,000 at the time) on sales of 11.2 million francs. A year later, sales went to 15 million, then in 1986 to 15.1 million, while profits went from 2.6 to 2.9 million.

But in 1987, though sales hit 15.5 million, profits were nil. That was the year the reality factor bit. Michel Marest, director general, put it this way in a recent interview: "The 100 percent tax exemption simply ran out."

In other words, in 1987 the new company began paying its taxes for the first time. In addition, a special governmental subsidy of 700,000 francs expired — as did a special museum subvention of 150,000 francs.

That's not all. Speaking in the firm's austere Quimper offices, Marest pointed out:



In long-gone days.

named Jean-Baptiste Bousquet arrived from southern France and went into trade. His enterprise blossomed: It remained in the family until 1917. But there were slow periods along the way, and it was only in 1876 that Quimper ware began to be known outside Brittany. That was the year that what had by then become known as the Grande Maison HB (for Hubaudiere-Bousquet) was drawn into participation in a major exhibition of Breton pottery for the national Agricultural Show in Paris.

From that point on, Quimper ware in general, and HB in particular, became the dominant Breton marque. Its ownership went through changes, as did its rivals, but the HB trademark never lost its luster. In 1968, HB swallowed its main rival, Henriot Pottery, and became Faïenceries de Quimper.

When Paul and Sarah Janssens took over, a great deal of surgery was needed quickly. Their first priority was a carefully ordered rehiring of top workers, accompanied by renovation of the sadly neglected factory.

Next came a step-by-step installation of new equipment. First came two kilns, costing a total of one million francs. Next was new plate-forming machinery, followed by a third kiln. So far, Marest said, "we have spent about five million francs on new heavy equipment."

The work force has been rebuilt just as thoughtfully. The Janssens in 1984 interviewed all employees of the old firm who were interested in returning, and from more than 200 of them selected 59. Now, there are 95, two-thirds women.

More than a third of the employees (35, to be precise) are artists. The Bretons who give Quimper ware its individual charm. Though they must follow general patterns as they paint each plate, bowl, pitcher and candlestick, individual innovation is encouraged. No Quimper item is an exact replica of another. As Marest puts it, "We are on the frontier between art and handicraft."

Motifs vary, but not much. The best liked patterns are still those that employ La Petite Bretonne and her mate, though flower patterns grow more popular every year. When Janssens took over, he moved swiftly to rationalize product lines, trimming the assortment of products sharply. Prices rose, but only slowly. For example, a dinner plate sells for 264 francs, a serving platter for 871 francs and a soup tureen with accompanying platter 948 francs.

The company has begun producing a line of overware, in traditional patterns, that is moving well, and is working hard to develop a slightly sturdier texture to its wares in an attempt to cut back an unhappy habit of chipping easily.

The victims of earlier "rationalizations" still lurk in the factory museum and in the attic, where there are thousands of molds that once produced a wonderful mixture of kitsch and craziness. In its attempts to grab the leading edges of a hundred different styles, designers went from beach-shop trash to fake oriental to art deco to impressionism to cubism almost, it seems in retrospect, without pausing for breath.

Designers today have by no means stopped work. One major project is the design for a monument to be presented to the city of Quimper, as part of the firm's tricentennial celebrations in 1990. The theme is a secret. But no one is betting against the idea of bright faïence statues of Le Petit Breton and La Petite Bretonne, who have represented Quimper so well over the years.

A Writer's Roots in Dreamlike Guilin

The river forms a green gauze belt, the mountains are like jade hairpins. — Han Yu, a Tang dynasty poet

by Leslie Li

GUILIN, China — My visit was timed with the flowering of the osmanthus trees. So when I arrived in Guilin on a moonless night in early October after a one-hour flight from Hong Kong, I smelled the city of my forebears before I saw it. Even as I stepped off the plane, the pervasive sweet-orange scent made me shut my eyes both in reverie and in anticipation of what daylight would bring. The next morning, and every morning thereafter, I threw open my bedroom window to intoxicate myself, first with the delicate fragrance that suggested that I was in the Forest of Osmanthus Trees, as Guilin is translated, then with the unearthly scenery that convinced me that I was.

I was staying in my grandmother's house, a dignified half-timbered two-story brick and stucco house that she had built in 1941 as a wedding present for my parents. Around the house ran a high, thick wall into which was built a row of small rooms that traditionally had no place in a Chinese house: a storage room for coal, a privy, a washroom, a kitchen and a larder. With the advent of modern plumbing, two bathrooms were installed inside the house, and my grandmother's home had the distinction of being the first in Guilin to possess Western-style toilets.

Above and beyond the wall lay Guilin's totally improbable, impetuous mountains, some of them right in the middle of the city. I could see two of them from my bedroom terrace: To the left, Folded Brocade Mountain rose in layers of soft greens, grays and violets; to the right, set on the river bank, the straight, proud shaft of Wave Restraining Hill was more than sufficient to contain the tranquil Li River, almost at a standstill now that it was the dry season.

As I was a member of the four generations of Lis who lived under my grandmother's roof, there was always a cousin, aunt or uncle to accompany me up to some of the more famous limestone towers thrust up from their seabed 300 million years ago and carved to their present-day configurations by centuries of erosion.

From its pergo-la-topped summit, Guilin's shan-shui — its otherworldly mountains, lakes and rivers — seemed straight out of a Chinese landscape painting. Scores of rocky crags and peaks soar straight up without warning from the verdant plain. The jade-green Li River meanders among them, dotted with rickety houseboats and the narrow bamboo rafts of fishermen using cormorants rather than nets to catch fish, looking like floating matchsticks from such a height. Gardens, walkways and pergolas embroider the edges of Banyan and Fir lakes, all reasons why Guilin has for centuries been the destination of Chinese painters-poets in quest of immortalizing on silk, paper or stone the "fragment of eternity" to be found here.

Based on its dreamlike karst scenery, an abundance of myths and legends have grown up over Guilin's 2,000-year history, examples of which my cousin took pleasure in pointing out. Brooding yet indomitable, Old Man Hill sat facing away from the city in the direction of the sea, awaiting the return of his unfilial son. Piercing Rock's gaping hole was the result of a general's arrow shot in a contest of strength that re-established the allegiance of a rebellious tribe to the emperor. A kindly elephant who deserted the emperor's ranks to help Guiltineses plow their fields during a time of famine dipped his trunk into the Li River to quench his thirst and is commemorated as Elephant Trunk Hill. I climbed Elephant Trunk Hill alone one morning, passing by the small Buddhist reliquary tower on its summit, the hill of the sword thrust into the elephant's neck by a vengeful general. Taken altogether, the mountains of Guilin, one of China's major tourist cities, were once stoned carried from central China by conscripted laborers to fill up the South China Sea. The laborers got only as far as Guilin, and the "stones" have remained here ever since, making Guilin the epitome of Chinese landscape when in reality it is a landscape unique to Guilin. Guilin's importance as a commercial and cultural center began in 214 B.C., when the

first Qin emperor built the nearby Lin Canal — one of the longest canals in the world and used today as an irrigation aqueduct — to connect the Yangtze and the Pearl rivers, thereby establishing a north-south route for military transport and trade. From the Ming Dynasty (A.D. 1368-1644) to the 1950s, Guilin served as the capital of Guangxi Province, which, in southwestern China, was far from Beijing's administrative authority and cultural influence. Headquarters of an American Air Force unit in World War II, Guilin was described by Theodore White, then a foreign correspondent, as "the most lovable and abandoned city in the Orient." For intellectual Americans there was always good conversation; for Americans of a more earthy sort there were women.

For most of its history, Guangxi has been known for four things: its extreme poverty, its aversion to authority, the quality of its fighting men and as a way station for opium shipments passing from India to neighboring Guangdong Province. Given the rebellious nature of Guangxi, it is not surprising that the Taiping Rebellion, which hastened the downfall of the decadent Qing Dynasty, began here, nor that the Northern Expedition, which my grandfather helped lead, had its starting point in the then capital of Guilin. Even after the success of the Northern Expedition, which ostensibly stamped out warlordism and unified the nation, Guangxi, dissatisfied with the policies of Chiang's Kuomintang government, threatened more than once to secede. Even today the independent-minded province, a great many of whose inhabitants are members of several ethnic minorities, the largest of which is the Zhuang, is officially known as the Guangxi-Zhuang Autonomous Region.

If Guilin's shan-shui as seen from its mountaintops seems straight out of a landscape painting, by riverboat it is a slowly unfurling horizontal scroll. The Li River cruise starts in Guilin and winds its way to Yangshuo, 50 miles (80 kilometers) downstream. Because it was the dry season, our boat didn't dock under Elephant Trunk Hill, the usual site, but at Yangdi, an hour away by bus. Here, where the hillocks resemble the horns of a goat, we threaded our way past vendors on the shore selling Mao caps and coolie hats, pomegranates and panda bear pins, then past those on the river, their slender rafts loaded down with little bags of mandarin oranges or woven bamboo handbags, to reach our awaiting vessel.

Once we had weighed anchor, river life flowed past like scenes from time gone by. Tiny villages of several houses apiece dotted the shoreline at distant intervals. Green Lotus Peak announced our arrival in Yangshuo. Evidence of "spiritual pollution" abounded. Joanne's, a restaurant whose sign was written in English, invited us to try their "best Irish coffee." But the most interesting sign in our wanderings through Yangshuo, and certainly the most beautiful, was the single bold Chinese character emblazoned onto the side of a cliff: dai, which can mean many things, including bring and wear. Chinese calligraphy is abstract painting, composed of structure, composition, rhythm, movement and balance and requiring of the



The Li River at Yangshuo.

George Holton/Photo Researcher

calligrapher both tranquility of mind and spontaneity of execution. Some say the dai of Yangshuo comprises eight strokes; some say as many as 14. No one knows who put it there, or when.

But it is not from Guilin's unearthly peaks or on the Li River's blue-green waters that one gathers a sense of the region or comes to feel the city's rhythm, but on the streets of the city. One morning at dawn, I walked along the Li River Promenade on my way to watch Guilin's elders practice tai chi in the small acacia-shaded park mid-way up Wave Restraining Hill. In the still-blue light of early morning, Guilin was alive with other forms of athleticism: people jogging, playing badminton, pedaling bicycles or huge tricycles that pulled wagonloads of people, produce, coal, bamboo or scrap iron. The trickle of cyclists became a steady stream as I entered the campus of Guangxi Teachers College, which in the 14th century was the palace of the emperor's nephew.

In the center of the campus, in the center of town, solitary Single Beauty Peak rose 306 knee-bending steps above Guilin, offering the sheerest climb, highest point, broadest and, after Folded Brocade Mountain, most

breathtaking view. By midmorning I found myself on Zhongshan Street, the main thoroughfare and shopping street, where I bought a stone seal incised with my Chinese name. Still following the bicycle traffic, I crossed Floral Bridge, the tile-roofed and many-arched Song Dynasty beauty that leads to Seven Star Park. Inside the park are caves whose walls are lined with stelae that look like stone newspapers but really are poems carved in rock by visitors, dynastic and contemporary, inspired by Guilin's beauty. Deeper inside Seven Star Cave, stalactites and stalagmites re-enact the drama of Guilin's karst scenery above. The theatrical effect of colored lights "coaching" the rock formations to appear to be what they already resembled seemed melodramatic, besides robbing the imagination of a different interpretation. The same was true for Reed Flute Cave, outside Guilin. According to legend, this technicolored grotto is a fragment of a heavenly crystal palace built at the beginning of time and hidden so that mortal eyes might one day gaze on it.

Leslie Li, a writer who lives in New York, wrote this for The New York Times.

A Quimper coffee pot.

that both 1986 and 1987 were poor years for tourism in France. A rash of terrorist incidents scared off visitors from abroad, and the weather was deplorable. Chilly summer rains in Finistère always hurt business, mostly because, as Marest points out, about 65 percent of the firm's sales are in Brittany's retail shops.

This year, Janssens and Marest agreed, the picture should brighten. One sales booster should be the opening May 1 of a "second choice" shop at the factory, from which not-quite-ready-for-prime-line wares will be sold. Up to now, products were sold only through retail shops in Brittany and the new Paris showcase. A new mail order campaign is expected to increase sales in France.

Logically enough, emphasis is shifting to sales in Europe. Because of the weaker dollar, profits on U.S. sales aren't what they used to be, though U.S. sales are up 50 percent so far this year. Increasing sales on this side of the Atlantic would give the balance sheet more glow. The company already is planning its Euro-market strategies in 1992, when European tariff barriers crumble. Already, Janssens is selling to Harrods, Liberty, Fortnum & Mason and other stores in Britain, Norway and West Germany, and in Japan and Australia.

Quimper's pottery industry traces its roots back to 1690, when a journeyman potter

Finding 'Real Alaska'

Continued from page 7

trails to choose from in the area. Kayaks and sailboats can be rented to explore the sheltered bay. Most visitors opt for the 12-mile drive to Exit Glacier, the most accessible portion of Kenai Fjords National Park. Leaving the car in a parking lot half a mile from the base of the glacier, visitors stroll along a rocky trail and then clamber up to where they can run their hand along the ice. Along the access trail, vistas of the immense white-blue highway plunging downward take away words and breath. Up close, although it's easier to gauge the glacier's true size, the ice resembles styrofoam streaked with brown.

PARK rangers offer guided hikes and nature walks on summer weekends. The hours vary, and can be checked beforehand at park headquarters in Seward, near the small-boat harbor. It's possible to take a longer, more demanding hike to the Harding ice field, the source of Exit and 35 other glaciers. The trail is marked 3 1/2 miles — that's as the goat climbs. Visitors are advised to allow the entire day, due to the steep and often slippery terrain. Panoramas are described as breathtaking; bears and mountain goats are a common sight. Rangers recommend the excursion only for those with enough experience and stamina.

For a safe, comfortable yet unforgettable way to explore the park — at least its coastline — a daylong boat tour is a nearly perfect answer. Several companies offer such excursions. Early one cloudy morning in mid-August, my husband and I boarded the 75-foot Kenai Fjords "locked in the colorful, bustling small-boat harbor. Above a mixed armada of sailboats, fishing craft and cabin cruisers loomed the

mountains, still clad in morning mist. During the half hour or so that it took to await the inevitable stragglers, we walked around our craft, one of two built in Seattle for the company. A small, efficient galley dispensed tea and coffee and, later, lunch. Seats for some 90 passengers were available either inside, next to oversized picture windows, or outside, on the upper and lower decks. We opted for the open air.

The captain was Pam Oldow,

founder and co-owner of the line. She told us at the outset not to worry about the weather. A cloudy day was best for viewing wildlife, she maintained. Ten minutes after casting off we cruised within feet of a bald eagle perched atop a rock in perfect profile. A few minutes later a sea otter swam by on his back, eating a crab for breakfast, and then a silver salmon leaped gracefully out of the sea. It was a preview of what the day would bring: harbor seals, dolphins, sea lions; a

myriad sea birds with melodious names like murrelet, guillemot, kittiwake and auklet; a world of puffins, both tufted and horned. Only the elusive whale defied our incantations, but nobody complained.

Our skipper commented on birds, mammals, glaciers, flowers, sea and mountains. Over the loudspeaker, her voice sank to a near whisper when we closed in on a rookery, rose sternly as we proceeded into a bay with a garland of glaciers.

"Keep the bow clear!" she barked, as several passengers came forward with their cameras. "You'll get your pictures later. We got to see the ice fragments, or we'll end up like another Titanic."

We stopped for lunch in front of Holgate Glacier, one of three in Aialik Bay that reach all the way to the sea — tidewater glaciers. "Holgate was real busy last night," Pam explained, pointing to what she called "baby bergs" dotting the water. The glacier was still busy at midday. Every so often, the boom of falling ice would break the stillness. Then a tall jet of water would explode up from the sea next to the glacier. From our mooring, Holgate was a crenelated blue mass streaked with two dark moraines. Waterfalls and rivulets descended along its edges; tunnels and caves were visible in the ice.

Some distance away, six kayakers made their way across the bay, boats and passengers all clad in yellow. A crew member said that several times a week kayakers and their equipment were dropped off on a small beach within sight of the glacier, to be picked up one or two days later — a wilderness experience, to be sure.

Alberta Eiseman, a writer who lives in Connecticut, wrote this for The New York Times.



Sea lions on Beehive Island.

Roe Sargent/AlaskaPhoto

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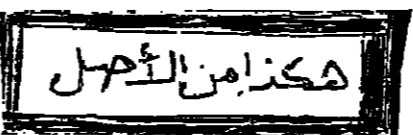
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WALL STREET WATCH

Halcyon Days Expected For Generic Drug Field

By PHILLIP H. WIGGINS

NEW YORK — The generic drug business has turned stronger, reflecting several trends that could carry its \$4 billion in annual U.S. sales past \$11 billion by the mid-1990s.

In 1988 alone, drug products with current annual sales of \$300 million are expected to come off patent, and analysts said that figure should increase to \$800 million in 1989.

Product and pricing competition has been especially intense.

The generic industry has its problems, however. Product and pricing competition, especially for makers of injectable medications and drugs in capsule and tablet form, has been especially intense.

A.L. Laboratories, based in Fort Lee, New Jersey, reported earnings of 73 cents a share in 1987, up from 61 cents in 1986.

Other generic drug makers likely to profit in the coming months include Biocryst Laboratories, Barr Laboratories, Bolin Pharmaceutical Co. and Par Pharmaceutical.

Biocryst, based in Elmwood Park, New Jersey, is a leading maker of tablet-form antibiotics and has a 15 percent to 20 percent share of the market for all penicillin and synthetic penicillin products made in the United States.

BARR is a favorite of Jerry Treppel of Swergold, Chaffitz & Sinisbaugh Inc. in New York.

Results for the first six months of this year were depressed by production declines resulting from construction of a new plant.

Stuart Levine, who recently initiated coverage of Bolin for Gruntal & Co., says he expects Bolin earnings to rise to \$1.30 a share in 1988 from 91 cents in 1987.

Among the generic drug companies having difficulties are Duramed Pharmaceuticals Inc. of Cincinnati, Lymphomed Inc. of Rosemont, Illinois, and Mylan Laboratories Inc. of Pittsburgh.

Duramed has had manufacturing problems with its prescription line of conjugated estrogen tablets. Lymphomed Inc. has been investigated by the FDA for its manufacturing practices, and Mylan's results have been flat because it has been unable to duplicate the success of Maxizide, its drug for hypertension.

Thriffts In U.S. Post Loss \$6.8 Billion Sets Record for Year

WASHINGTON — Savings and loan institutions had a quarterly loss of \$3.2 billion, the U.S. government said Thursday, creating a record \$6.8 billion loss for the year.

The Federal Home Loan Bank Board, which regulates the savings and loan industry, said the losses were concentrated in Texas and other southwestern states.

The 1987 loss contrasted with 1986 earnings of \$132 million. It was the deepest decline in earnings since savings institutions lost \$4.6 billion in 1981.

The board said that savings and loans in Texas and other southwestern states had been hurt badly by the collapse of oil prices, but that two-thirds of the industry in other regions had \$1.3 billion in earnings in the fourth quarter and \$6.6 billion in earnings for the year.

James Barth, the board's chief economist, said, "Thriffts reported positive net operating income for 1987, but net nonoperating losses, including those on the sale of assets and provisions for loan losses, continued to be the main source of industry problems."

"Clearly," he said, "the many are being pulled by the few, as thriffts losses in the fourth quarter continued to be concentrated."

Only 20 thriffts, most in the Southwest, accounted for \$2.1 billion in losses, he said.

The board has announced a consolidation program, called the Southwest Plan, to try to resolve problems of ailing thriffts.

The 345 thriffts that are insolvent lost \$3.2 billion in the fourth quarter and \$9.5 billion for the year.

Unprofitable thriffts, most of them still solvent, reported losses of \$4.5 billion for the fourth quarter with 1987 losses at \$13.4 billion.

Over all, there was a decrease in the annualized return on assets of the thrift industry from minus 60 percent in the third quarter to minus 1.02 percent in the fourth. The annualized return for all thriffts in 1987 was minus .56 percent.



Brian Beazer, chairman of the fast-growing Beazer PLC, and company headquarters in Bath.

U.K.'s Beazer Expands Explosively Construction Company Now Aims for U.S. Connection

By Steve Lohr New York Times Service LONDON — A quiet, self-styled "colorless character" whose idea of a good time is reading theology, Brian Beazer seems a bit miscast as the chairman of one of Britain's fastest-growing companies, Beazer PLC.

Some investors who have sold their shares think he is overly ambitious.

"The growth is so fast that it worries me," said an institutional investor, who recently sold some of his company's Beazer holdings.

Mr. Beazer, 53, is a six-day-a-week, 14-hour-a-day worker, renowned for the exhaustive research he does on the companies he wants to buy.

Mr. Beazer won't rest until he's put together one of the biggest construction firms in the world, said Anthony Williams, an analyst at Phillips & Drew, a London brokerage house.

Today, the key step in Beazer PLC's global drive is Koppers Co., a Pittsburgh-based building-materials concern. Three weeks ago, a group led by Beazer launched an unsolicited \$1.27 billion bid for Koppers, which rejected the offer.

Beazer increased its offer from \$45 a share to \$56 a share, or nearly \$1.6 billion. And Wednesday night, after Koppers said it had arranged to borrow more than \$1 billion for a defense war chest, Beazer announced that it would raise its cash offer to \$60 a share.

The proposed Koppers takeover has worried some fund managers in the City of London financial district, who say that Beazer's torrid growth pace is too risky.

Mr. Beazer became chairman in 1983 upon the death of his father, Cyril, a stonemason who built the company doing postwar restoration work of classic buildings in Bath.

Microchip Pact Broke Rules, GATT Unit Says

BRUSSELS — A panel of the General Agreement on Tariffs and Trade has ruled that Japan's agreement with the United States to maintain high prices for its exports of microchips broke the rules of the trade organization, the European Community said Thursday.

But the GATT panel ruled that there was not enough evidence to support another EC complaint against the 1986 agreement between Washington and Tokyo.

The EC's Executive Commission said in a statement Thursday that the findings of the panel, set up at the community's request, had been circulated to the parties involved.

"We expect the GATT Council to adopt the panel's conclusion on May 4," the EC external relations commissioner, Willy De Clercq, said.

The 1986 agreement settled a long dispute over U.S. charges that Japanese companies were dumping microchips — the semiconducting circuits in computers and most modern electronic goods — at unfairly low prices on the U.S. market.

The community charged that the agreement broke GATT rules because keeping Japanese export prices high improved the competitive position of U.S. microchip exporters and raised the costs for EC users of such products.

The 12 EC nations import 60 percent of the semiconductors they use, of which 24 percent come from the United States and 11 percent from Japan.

Separately, an EC commission spokesman said the GATT decision did not alter anti-dumping measures taken last year by the community against certain types of Japanese semiconductors.

EC exports in the field were \$1.25 billion in 1985. The main European producers are Philips NV of the Netherlands, Siemens AG of West Germany and Thomson SA of France.

U.S. Reports Rises in Income And Spending

WASHINGTON — Personal income in the United States rose 0.9 percent last month, leading to similarly substantial increases in consumer spending and savings, the Commerce Department said Thursday.

The department cited farm subsidy payments and cost-of-living adjustments in government payment programs.

Consumer spending rose 0.7 percent in February, after gains of 0.1 percent in January and 0.8 percent in December.

Consumer spending rose 0.7 percent in February, after gains of 0.1 percent in January and 0.8 percent in December. Economists said the February increase dispelled lingering fears that consumers were slowing their purchases because of the October stock market collapse.

The personal savings rate, which is savings as a percentage of disposable income, rose to 5.2 percent in February from 4.8 percent in January.

The February rate was the highest since October, when it was 5.4 percent.

The Real Estate Crisis Is Deepening in Texas

Foreclosures Rise at Alarming Rate

By Thomas C. Hayes New York Times Service

DALLAS — Property foreclosures and past-due mortgage payments are still rising at alarming rates in Texas, statistics show.

Without a huge government bailout — one that could cost at least \$25 billion — many experts say they are pessimistic that the spreading problems can be contained anytime soon.

Mr. Fisher said he feared that regulators at the Federal Savings & Loan Insurance Corp. and the Federal Deposit Insurance Corp. were on the verge of becoming overwhelmed by the billions of dollars' worth of foreclosed property coming under their control in the Southwest.

"If they can't manage it extraordinarily well, we could see a much deeper depression in our real estate markets in Texas," he said.

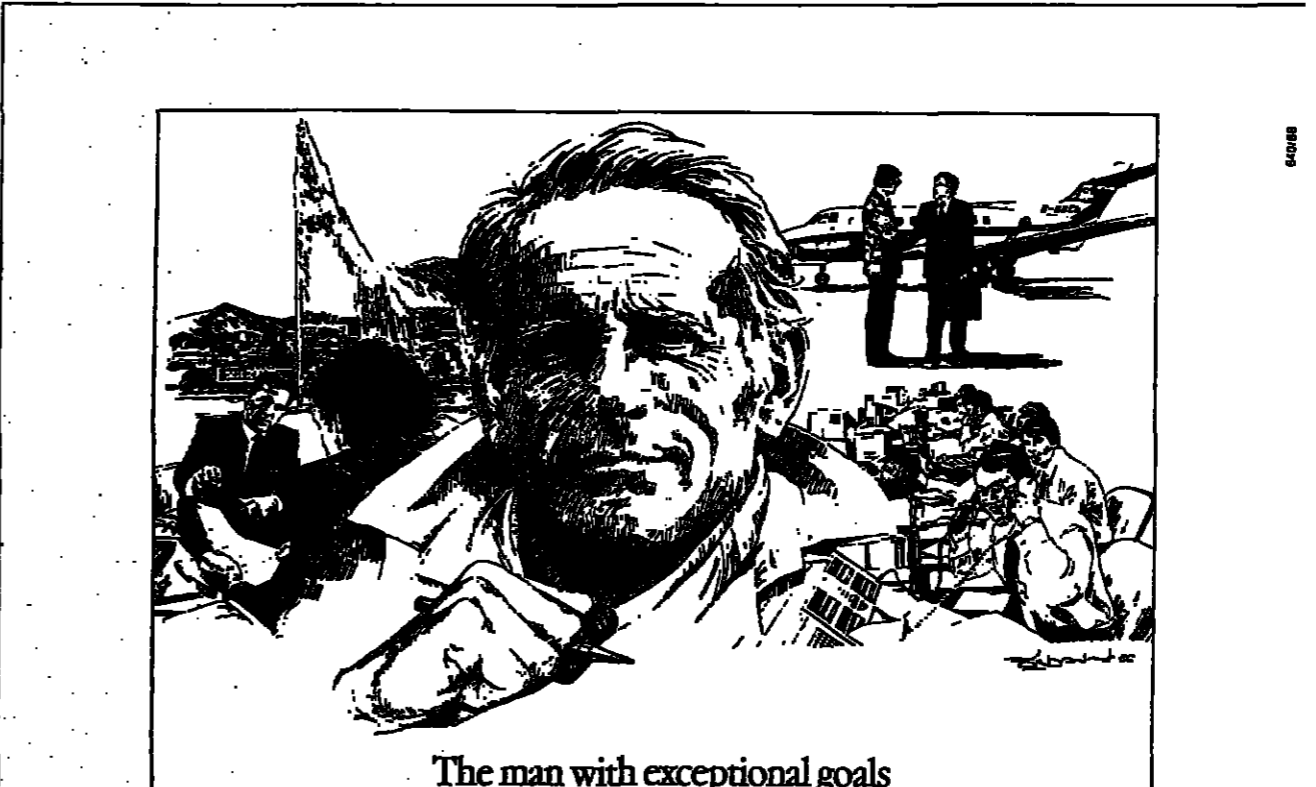
The situation has drained the financial resources of even respected and formerly well-capitalized developers who have banded thousands of properties back to lenders through foreclosure.

More ominous are the soaring totals for delinquent mortgages and nonperforming real estate loans. These are loans 60 days past due at savings institutions and 90 days past due at banks.

The toll on profits and equity has been devastating. The 281 Texas savings institutions collectively lost \$12.2 billion in the past three years.

Some industry experts say they believe the real estate crisis has grown increasingly acute in the past six months.

They point to the rising foreclosures as well as the widespread reluctance of lenders in the state to finance transactions involving land or commercial real estate.



The man with exceptional goals needs an exceptional bank

WHAT MAKES TDB EXCEPTIONAL? ABOVE ALL, OUR PERSONAL SERVICE

Personal service is more than just a tradition at TDB — it's one of the basic reasons for our success over the years. And it makes an important difference to our clients, in a number of ways.

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We assign an experienced bank officer to your account and he is personally responsible for seeing that things get done on your behalf. So you can be sure your instructions are carried out promptly, intelligently and to the letter.

Moreover, as part of American Express Bank Ltd., with its 103 offices in 42 countries, we serve your individual needs virtually anywhere in the world.

TDB, the 6th largest commercial bank in Switzerland, is an affiliate of American Express Company, which has assets of more than US\$117 billion and shareholders' equity in excess of US\$5.7 billion.

Currency Rates

Table with columns for currency, rate, and date. Includes entries for London, Tokyo, Zurich, and other international rates.

Interest Rates

Table with columns for instrument, rate, and date. Includes entries for Treasury bills, bonds, and other financial instruments.

Gold

Table with columns for instrument, price, and date. Includes entries for gold bars and other gold-related products.

U.S. Money Market Funds

Table with columns for fund name, price, and date. Lists various money market funds and their performance.

Asian Dollar Deposits

Table with columns for deposit type, rate, and date. Lists Asian dollar deposit rates.

Vol.	High	Low	Last	Chg.
AT&T	28 1/2	28 1/2	28 1/2	0
IBM	172 1/2	172 1/2	172 1/2	0
Amgen	110 1/2	110 1/2	110 1/2	0
Amgen	110 1/2	110 1/2	110 1/2	0
Amgen	110 1/2	110 1/2	110 1/2	0

NYSE 4 p.m. volume	184,910,000
NYSE adv. cons. close	194,000,000
Amex 4 p.m. volume	1,200,000
Amex adv. cons. close	1,200,000
OTC 4 p.m. volume	147,350,000
OTC adv. cons. close	147,350,000
NYSE volume up	143,150,000
Amex volume up	1,200,000
OTC volume down	77,200,000

High	Low	Close	Chg.
Composite	150.11	149.41	-0.70
Industrials	151.11	150.41	-0.70
Utilities	149.11	148.41	-0.70
Finance	147.11	146.41	-0.70

Thursday's
NYSE
Closing
Via The Associated Press

Close	Prev.
Advanced	100
Declined	100
Unchanged	100
New Issues	100
New Lists	100

Close	Chg.	Prev.	Year Ago
Composite	110	110	110
Industrials	110	110	110
Utilities	110	110	110
Finance	110	110	110

Vol.	High	Low	Last	Chg.
Amgen	110 1/2	110 1/2	110 1/2	0
Amgen	110 1/2	110 1/2	110 1/2	0
Amgen	110 1/2	110 1/2	110 1/2	0

Close	Chg.
Bonds	+0.05
Utilities	-0.05
Industrials	+0.12

Close	Prev.
Advanced	100
Declined	100
Unchanged	100
New Issues	100
New Lists	100

Buy	Sales	Str%	
March 23	231,303	49,444	2.75
March 24	236,597	50,000	2.12
March 25	236,597	50,000	2.12

Open	High	Low	Last	Chg.
Indus	282.44	282.22	281.44	-0.77
Util	189.31	189.78	189.31	-0.48
Comp	77.51	77.62	77.62	+0.11

High	Low	Close	Chg.	
Industrials	212.18	212.17	212.17	-0.26
Utilities	120.17	120.17	120.17	-0.26
Finance	120.17	120.17	120.17	-0.26

Close	Prev.
Advanced	100
Declined	100
Unchanged	100
Total Issues	100

High	Low	Close	Chg.
300.59	298.84	297.34	-1.50

Tables include the nationwide prices up to the closes on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div. Yld.	PE	52 Wk High	Low	Close	Chg.
20 1/2	14	AAR	3 1/2	12	20 1/2	14	17 1/2	-1 1/2
20 1/2	14	ACM	3 1/2	12	20 1/2	14	17 1/2	-1 1/2
20 1/2	14	AGI	3 1/2	12	20 1/2	14	17 1/2	-1 1/2
20 1/2	14	APC	3 1/2	12	20 1/2	14	17 1/2	-1 1/2
20 1/2	14	AMT	3 1/2	12	20 1/2	14	17 1/2	-1 1/2

MARTS: Stock Prices Skid in N.Y. and London

(Continued from Page 1)

Securities Corp. in Charlotte, North Carolina. The Bank of Japan has been propping up the dollar in recent weeks to prevent Japanese institutions from having to report losses on dollar-denominated holdings for the year ending March 31. The market is gearing for a possible plunge in the U.S. currency when Japan's financial year ends.

In addition, an announcement Wednesday by OPEC that it would hold a meeting in the first week of April caused oil prices to surge Wednesday and Thursday. The climb revived worries about inflation in both Europe and the United States.

Despite Thursday's stock decline, analysts predicted that corporate takeover activity and signs of health in the U.S. economy would keep a cushion under Wall Street.

The Dow average hit 2,087.37 a week ago, its highest level since the October stock market collapse, after a six-week rally of nearly 200 points.

Fueling that upturn was an unprecedented surge of corporate mergers and acquisitions. It continued Thursday, as a number of takeover-linked stocks bucked the downward trend.

Encouraging the takeovers, and providing support for the market's recent rally, was the growing perception that October's stock market plunge cheapened stocks but did not throw the economy off track.

Fresh evidence of a steady economy was provided as the U.S. government released figures Thursday showing that personal income rose 0.9 percent in February.

The government revised its figures on fourth-

quarter growth in the gross national product to 4.8 percent from the previous 4.5 percent.

On the Tokyo Stock Exchange, the Nikkei average lost 113.95 points, or 0.4 percent, to close at 25,781.28.

Stock prices in Frankfurt also fell, with the FAZ index dropping 7.13 points to 467.01.

Until Thursday, West German shares had been buoyed by the relative steadiness of the dollar and by a widespread feeling that prices represented bargains, especially for exporters.

"When the FAZ index was at 400, this was O.K., but maybe not now," an analyst said.

Amsterdam's CBS all-share index fell 2.1 points, to 84.1. The all-share Swiss index eased 2.3 points, to 852.7. Norwegian shares fell in hectic trading.

The Paris Bourse indicator closed 0.72 percent higher, but lost ground in informal late trading.

Milan's MIB index rose 0.28 percent. Swedish, Finnish and Belgian shares also rose.

On the New York Stock Exchange, NL Industries preferred was the most active issue, up 1/4 to 16.

AT&T followed, down 1/4 to 27 1/2. Navistar was third, unchanged at 6 1/2.

IBM was off 1/4 to 110. Digital Equipment was down 3/4 to 107 1/2. Cray Research was down 1/4 to 78 and Texas Instruments was down 1/4 to 49 1/2.

Among the blue chips, General Electric was off 1/4 to 41 1/2. General Motors was off 1/4 to 71. American Express was off 1/4 to 25 1/2. USX was off 1/4 to 30 1/2. Eastman Kodak was down 1/4 to 41. Sears was off 1/4 to 37 1/2 and Merck was down 1/4 to 164 1/2.

(Reuters, UPI, AP)

12 Month High	Low	Stock	Div. Yld.	PE	52 Wk High	Low	Close	Chg.
20 1/2	14	AMN	3 1/2	12	20 1/2	14	17 1/2	-1 1/2
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(Continued on next page)

Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High, Low, Stock, Div, Yld PE, 52 Wk High, Low, Close, Chg. Lists various stocks and their performance.

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U.S. Futures

Via The Associated Press

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Futures market data.

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Food

COFFEE (NYNCE)

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Food market data.

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EURODOLLARS (IMM)

3 month Eurodollars

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg. Eurodollars data.

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NYSE High-Lows

Table with columns: NEW HIGHS, NEW LOWS. Lists stock symbols and their high/low prices.

AMEX High-Lows

Table with columns: NEW HIGHS, NEW LOWS. Lists stock symbols and their high/low prices.

Company Results

Table with columns: Company Name, Revenue, Profit, Per Share. Lists company financial results.

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Paris Commodities

Table with columns: Commodity Name, High, Low, Close, Ask, Bid. Lists Paris commodity prices.

London Commodities

Table with columns: Commodity Name, High, Low, Close, Ask, Bid. Lists London commodity prices.

Dividends

Table with columns: Company Name, Dividend Amount, Date. Lists dividend information.

London Metals

Table with columns: Metal Name, Price, Change. Lists London metal prices.

S&P 100 Index Options

Table with columns: Index Name, Price, Change. Lists S&P 100 index options.

Spot Commodities

Table with columns: Commodity Name, Price, Change. Lists spot commodity prices.

U.S. Treasuries

Table with columns: Treasury Name, Yield, Price. Lists U.S. Treasury securities.

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Currency Options

Table with columns: Currency Name, Price, Change. Lists currency options.

Financial

Table with columns: Financial Name, Price, Change. Lists financial market data.

US T-BILLS (IMM)

Table with columns: T-Bill Name, Price, Change. Lists U.S. Treasury bills.

US TREASURY BONDS (CBT)

Table with columns: Treasury Bond Name, Price, Change. Lists U.S. Treasury bonds.

MUNICIPAL BONDS (CBT)

Table with columns: Municipal Bond Name, Price, Change. Lists municipal bonds.

STOCK SPLIT

Table with columns: Company Name, Split Ratio. Lists stock split information.

DM Futures Options

Table with columns: DM Future Name, Price, Change. Lists DM futures options.

Table with columns: DM Future Name, Price, Change. Lists DM futures options.

Commodity Indexes

Table with columns: Index Name, Value, Change. Lists commodity indexes.

Market Guide

Table with columns: Market Name, Description. Lists market guides.

The Daily Source for International Investors

Advertisement for international investment services.

Boesky to Start 3 Years in Prison

News article about Ivan F. Boesky's prison sentence.

Ex-Broker Is Charged in Guinness Scandal

News article about the Guinness scandal and the ex-broker.

Monday in the Trib

Advertisement for William Safire's 'Monday in the Trib' column.

DM Futures Options

Table with columns: DM Future Name, Price, Change. Lists DM futures options.

BUSINESS ROUNDUP

Chemical to Sell U.K. Mortgage Unit

LONDON — Chemical Bank Thursday said it was planning to sell its British home mortgage subsidiary. It said it had transferred part of its corporate finance arm, which had been securitizing general mortgage assets, to the London merchant bank Baring Brothers & Co.

The New York-based bank said that while the mortgage unit was quite profitable, Chemical felt it could put its capital to better use. The subsidiary, which began operating in 1981, has about £1.3 billion (\$2.4 billion) in loans outstanding.

The sale is part of an effort by Chemical to shift its focus from retail lending to wholesale lending in Britain. The Bank of England recently raised its standards for capital adequacy, the amount a bank must hold in reserves for each type of loan on its books.

Britain now generally requires banks to hold only 0.5 percent of the value of home mortgages in their reserves, a lower percentage than for many other types of loans.

But the easier standards apply only to mortgages made in the bank's home market. Because Chemical is a U.S.-based bank, it would have to hold twice as much capital under the new rules as British-based banks, making mortgages more costly, a spokeswoman for Chemical said.

Chemical said it preferred to deploy its assets in foreign exchange, money market and bond trading, fund management, specialized capital raising, loan syndications, swaps and electronic banking.

The bank said it received a cash payment for the transfer to Baring Brothers of its five-person corporate finance team, which previously handled efforts to securitize home mortgages. It did not specify the amount of the payment.

Chemical is one of several lenders in Britain that have tried to bundle mortgages into a package to be bought and sold as a security.

A sale helps the lender raise fresh cash for new mortgages. Securitizing and selling the loans removes them from the bank's balance sheet and eliminates the need to set aside reserves for them.

While the market for such issues in the United States totals billions of dollars, the British market, slightly more than a year old, is very small. In 15 months, about \$2 billion of such securities have been issued in Britain.

Swire Reports Earnings Rise Below Analysts' Predictions

HONG KONG — Swire Pacific Ltd. reported Thursday that net profit for 1987 rose 34.8 percent to 40.7 billion Hong Kong dollars (307 million) from 1.78 billion dollars.

The conglomerate attributed the rise in earnings to the sound performance of Cathay Pacific Airways Ltd., in which it holds a 50 percent interest, and to improved profits in a property division. Swire's revenue for the year was 20.17 billion dollars, up 21.5 percent from 16.6 billion in 1986.

But the results were less than analysts had been predicting, for Cathay Pacific's report on today that earnings had surged 10 percent in 1987, to 2.12 billion dollars, many analysts had predicted that Swire would show a net rise more than 30 percent, to 2.70 billion or 2.80 billion.

"I think they're holding something back for 1988," an analyst at a British brokerage said.

He said the group probably wanted to balance this year's and next year's performance by booking part of its property development

profits under the 1988 accounts instead of 1987.

Many analysts said corporate profits might show a decline in 1988 after the global stock market collapse last October. Cathay said Monday that it would be difficult to match its 1987 results this year.

Swire also reported a sharp revaluation in net asset values to 9.51 Hong Kong dollars per class A share, from 5.78 dollars, and to 1.90 dollars per class B share, from 1.16 dollars.

It reported a 4.02 billion dollar increase in its valuation reserves against 634 million in 1986, reflecting the higher market value of its investment properties.

Net earnings fell to 6.63 billion dollars from 7.11 billion a year earlier, a result of successful property sales, the company said.

Swire's chairman, Michael Miles, said later that analysts may have overestimated the group's results by not recognizing that its holding in Cathay Pacific was diluted to 50 percent from 54 percent after the airline issued more than 200 million new shares to China International Trust & Investment Corp. last year.

Krupp Revenue Declined 10.7% in 1987

ESSEN, West Germany — Krupp GmbH said Thursday that world group revenue in 1987 fell 10.7 percent to a provisional 14.1 billion Deutsche marks (8.3 billion) from 15.8 billion DM. It added that profit for the year also showed a decline.

The steel and engineering group attributed the decline in 1987 profit to restructuring within the company and lower volume of payment settlements. Last July, Krupp said earnings would deteriorate in 1987 because of worsening prospects for a good subsidiary, Krupp Stahl G.

Krupp had world group net profit of 1.26 billion Deutsche marks in 1986 (\$745 million), up from 1.24 billion DM in 1985.

Revenues were hurt by lower prices and volume sales in section steel and fuel, and fewer payment settlements of industrial plant and arms orders, Krupp said.

Orders fell to 14.7 billion DM in 1987 from 15.4 billion in 1986, mainly because of poor business in steel and trading, Krupp said. The industrial plant sector reported a slight improvement in orders despite the rise in the value of the Deutsche mark, as did the electronics sector.

Domestic orders fell 12 percent to 8.3 billion DM, while foreign orders rose 7 percent to 6.5 billion, mainly as a result of improved exports of engineering goods and industrial plants.

Krupp's total revenue fell to 16.29 billion DM in 1987 from 18.08 billion DM in 1986, and total orders fell to 16.92 billion DM from 17.54 billion.

Revenue from engineering fell to 2.94 billion DM from 3.28 billion, and orders in the engineering sector fell to 3.07 billion DM in 1987 from 3.19 billion in 1986, mainly because of less demand for weapons.

Industrial plant revenue fell to 2.33 billion DM from 2.82 billion, and orders for this sector rose to 2.20 billion DM from 2.00 billion, boosted by orders from East Asia for steel production plants.

Electronics sector revenue rose to 774 million DM from 671 million DM, but in steel it fell to 5.45 billion DM from 5.88 billion. Of total sales, 75 percent came from steel production, 18 percent on processing and 7 percent from trading.

Guinness Raises Profit 8.5% Despite Currency Changes

LONDON — Guinness PLC, British-Irish beverage giant, said Thursday that pretax profit rose 8.5 percent to £408 million (48 million) in 1987, compared to £376 million in 1986, although earnings were constrained by exchange rate fluctuations.

Several British companies, reporting less buoyant profits for last year, have been citing changes in the currency market, where the Irish pound in particular has been strong. The rising pound tends to make British products more expensive, thus cutting sales, well as reducing the sterling value of profits earned abroad.

Guinness said that last year's profit would have been £12 million higher if 1986 exchange rates had been used. It said profit increased worldwide except in the United States, where earnings dipped £6 million to £32 million.

The previous year's exchange rates would also have produced a 49 million increase in sales, which fell 9.3 percent to £2.81 billion from £3.1 billion. The company said the sales figures also reflect a major restructuring of the company's business and the sale of retail operations.

The company's trading profit rose 1.5 percent to £452 million, while profit after tax rose 7.6 percent to £281 million.

The company benefited from an extraordinary credit of £217 million, after recording a £125 million charge in the previous year.

Guinness said the credit includes £188 million from the disposal of subsidiaries and a reversal of part of last year's charge. The charge covered assets involved in legal disputes growing out of the company's 1986 takeover of Distillers PLC.

Guinness shares closed at 307 pence on the London Stock Exchange, down from 316 pence at Wednesday's close.

Reflecting its restructuring, the company's debt to equity ratio fell to 57 percent at the end of last year from 81 percent a year earlier.

"We have already restructured the business to enable management to concentrate resources on the future development of our international spirits and beer brands," said Anthony Tennant, the company's chief executive.

Mr. Tennant took over from the former chairman and chief executive Ernest Saunders, who is facing 40 charges in Britain related to Guinness's takeover of Distillers.

Rolls-Royce Reports Profits Slimmed 30%

LONDON — Rolls-Royce PLC, British aircraft engine maker, said Thursday that it had pretax profit of £156 million (\$285 million) last year, 30 percent higher than in 1986.

Sales for the company, which is sold off by the Conservative government last year, were up by 3 percent, to a record £2.06 billion from £1.8 billion the previous year.

Sales in the United States slipped sharply, to £733 million from £497 million the previous year, despite an unfavorable trend in the dollar exchange rate. The company said sales in Asia and Australia were lower.

"We have been able to face sharply increased net expenditure on research and development and still deliver healthily increased profits," the company chairman, Francis Tombs, said.

Research and development spending climbed by more than 40 percent, to £187 million, mainly as a result of work on the V2500 and T11-542 aircraft engines. The company's order book stood at \$3 billion at the end of 1987, up slightly from 1986.

Rolls-Royce is a separate company from the luxury automaker Rolls-Royce Motor Cars Ltd., which is a unit of Vickers PLC.

British Unions Ask Ford To Revive Plans for Plant

LONDON — British labor union leaders flew to Detroit Thursday in a last-ditch effort to persuade Ford Motor Co. to build a £40 million (\$73 million) electronic components plant in Scotland that would create 1,000 jobs.

Ford scrapped the plans last week when the unions rejected an agreement for single-union representation at the proposed plant in Dundee. The decision triggered an outcry throughout Britain against the perceived obstinacy of the nation's labor unions.

Norman Willis, general secretary of the Trades Union Congress, and Gavin Laird, leader of the engineers' union, said they hoped to persuade the company to change its mind.

"I don't want to be over-optimistic because Ford does not mess about," Mr. Laird said. "They made a decision — a very firm decision — and we have a monumental task, but I am hopeful." He is head of the Amalgamated Engineering Union, the only union that Ford had agreed to recognize.

"All the conditions that gave rise to the original decision to go to Dundee are in place," Mr. Laird said.

The delegation left a day after the Trades Union Congress, Britain's national labor federation, agreed to Ford's demands for a single union. Prodded by Ford's decision to scrap the plans, the TUC's General Council on Wednesday approved single-union representation, 23-15.

The Transport and General Workers' Union, Britain's largest union, remained opposed. The transport union represents two-thirds of Ford's more than 32,000 British workers.

The five-member delegation is expected to spend several days in Detroit.

Stockman Leaving Salomon for Blackstone

NEW YORK — The Blackstone Group has lured David A. Stockman away from Salomon Brothers, where he has been a managing director since he left the White House in 1985.

Mr. Stockman, who confirmed the switch late Wednesday, joins a growing exodus of bankers and deal makers who are leaving large firms for smaller "boutique" firms. Blackstone, which is headed by Peter G. Peterson, a former secretary of commerce, is a relative newcomer to Wall Street.

At Blackstone, Mr. Stockman, 41, who was the White House budget director from 1981 to 1985, will be the fifth general partner of the merchant banking firm, which has recently raised \$650 million to invest in friendly takeover deals.

He will also direct a new firm, Stockman & Co., a Blackstone affiliate, where he will provide research and advisory services.

"There are certain kinds of research services and strategic advisory stuff he likes to do that is not of a financial type, but of a strategic type, that takes advantage of macro issues, trade patterns," Mr. Peterson said. "So he'll have two roles."



David A. Stockman

takeovers in recent months. It represented \$5m in its \$2 billion acquisition of CBS Records last year and more recently represented Firestone Tire & Rubber Co., which is being acquired for \$2.6 billion by Bridgestone Corp. of Japan.

Mr. Peterson said he wanted Mr. Stockman to bolster the firm's emerging merchant banking business in Japan. "We think David will be an immensely valuable asset in meeting that goal," he said. "He brings a global perspective to business and financial issues. He is very familiar with United States and Japanese government policies. And he is widely respected in Japan."

Mr. Stockman said his departure from Salomon, which has lost other senior bankers, was unrelated to the firm's well-publicized internal turmoil. "There are problems, but I think they're being addressed," he said. "It was not so much concern about anything inside Salomon as it was a compelling opportunity to be on my own."

"My experience at Salomon was absolutely agreeable, and I have high regard for John Gutfreund," he said, of Salomon's chairman. "It was a good group of guys and I enjoy the work. There's one thing I couldn't do there — which is have my own shop."

Blackstone has played important advisory roles in two of the largest

U.S. Bank Results Expected to Be Solid but Lackluster

NEW YORK — Analysts expect solid but unimpressive first-quarter results for U.S. banks, with earnings underpinned by good net interest margins, fairly strong trading gains, better loan quality and slower growth in expenses.

Brazilian interest payments on debt will not be recorded as income for the January-March period, analysts said. Nor will fees from many leveraged buyouts, mergers and acquisitions that are just getting under way.

But "the quarter will look O.K.," said Ronald Mandel, an analyst at PaineWebber Inc., with banks posting "all-right margins and improving credit quality."

Banks will use proceeds from asset sales and tax credits to build their equity positions, which were weakened by large additions in 1987 to reserves for losses on Third World loans, analysts said. Richard Fredericks of Montgomery Securities said that "nonperforming loans could hopefully be down."

Livia Asher of Fox-Pitt Kelson Inc. said banks were likely to report respectable loan volume, with consumer loans rising though at a slower rate. Credit card growth will be flat, she predicted.

James McDermott of Keefe, Bruyette & Woods said the surprisingly benign economic

climate that prevailed in the first quarter would help the banks.

Lawrence Cohn of Merrill Lynch & Co. expects fairly strong results in bond and foreign exchange trading. But even Bankers Trust New York Corp., a star in currency trading, will be unable to match its trading performance in the fourth quarter of 1987, he predicted.

"We haven't had the kind of volume and violent moves in the currency markets that characterized last year," Mr. Cohn said.

Mr. Cohn expects that fee income "will be O.K., but seasonally the first quarter tends to be pretty low." Mergers and acquisitions and leveraged buyouts "have resumed with a vengeance," he said. "These will entail some attractive fees, but I don't know if they will show up this quarter."

Frank Desantis of Smith Barney, Harris Upham & Co. said Manufacturers Hanover Corp., the sixth largest U.S. bank company, and Bankers Trust, the eighth largest, stood to benefit most from the surge in buyout activity.

Robert Albertson of Goldman, Sachs questioned whether investment banking had recovered from a soft fourth quarter, however.

Mr. Cohn said asset sales would be a theme in U.S. banking throughout 1988, but mostly later in the year. "We'll see here and there sales of buildings we didn't even know existed."

Manufacturers Hanover has said it will sell assets in 1988 for a \$230 million net gain. Its sale this quarter of an investment management unit is expected to yield a \$17 million after-tax gain, and it is planning to sell a credit processing service for about \$5 million.

Carole Berger of C.J. Lawrence also expects asset sales from Citicorp and Chase Manhattan Corp. Chase said it would record a \$120 million net gain on sales of a Paris building and a computer subsidiary.

But compliance with new financial accounting standards requiring banks to record credit card and mortgage fees over the duration of a loan, instead of at its start, will negatively affect some banks this quarter, analysts said.

"The most noticeable number will be Citicorp because mortgage origination is such a big business for them," Mr. Cohn said. Citicorp said that the new accounting rule would reduce income by \$70 million spread over the year.

Loans are still strong in New England and the Southeast, analysts said, and strong exports will aid the Midwest. Banks in the southwestern United States will have problems and California banks will have good margins, they said.

The quarter will also be marked by banks' aggressive use of tax credits, a by-product of 1987 additions to loan reserves.

Indigo Take-off

Low priced growth bargains that Indigo assembled into an index the last October rose from an aggregate of 108 points to 151 in advance of a mid-March correction which dropped the index back to 170. While there is still a long way to go, Indigo's index is expected to overtake the S&P 500 in a drive now expected to handle 400.

INDIGO INVESTMENT, S.A.
Avenue Palatin de Wallonie 42
Tervuren, Belgium, Europe
Phone: 34-52-389420
Fax: 34-52-389374
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Selected U.S.A./O.T.C. Quotations

	BID	ASK
Alan Jones Pitt Stop	1 1/4	1 1/2
Bater Corp.	2	2 1/4
Chiron	15 1/2	16
Gold Glory USA Inc.	3 1/4	4 1/4
GoodMark Food	1 1/4	1 1/2
MAG Holdings	1 1/2	1 3/4
NAV-AIR	5	5 1/2

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Amsterdam, 18th March 1988

FINANCIAL NEWS FROM B.A.T. INDUSTRIES

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	Year to December 1987	Year to December 1986	Change
GROUP TURNOVER	£17,208m	£19,167m	-10%
PRE-TAX PROFIT	£1,394m	£1,393m	-
EARNINGS PER SHARE	52.78p	53.51p	-1%
DIVIDEND PER SHARE	16.90p	14.30p	+18%

Increased dividend underlines Group strength. • Pre-tax profit affected by exchange rate movements (£192m) and stock market collapse (£102m). • Turnover from continuing businesses 5% higher in constant currencies. • Strong cash flow: net debt/equity down to 10%. • In local currencies tobacco did well - with profit increases of 19% at Brown & Williamson and 17% at BATCo. Export success in Japan. • Argos star performance with sales up 23%. Better Horten results. • Marshall Field's raises profits with sales exceeding \$1 billion. • Eucalyptus pulp operations do well but higher prices affect paper profits. • Strong premium growth at Eagle Star: significantly improved underwriting results but profits down after reduced investment gains. • Allied Dunbar another record year, profits doubled at Canada Trustco.

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Full financial statements will be delivered to the Registrar of Companies and carry an unqualified audit report. The full results are being provided to shareholders and are available from the Company Secretary, B.A.T. Industries, 10, Cannon Street, London EC3A 3DF.

CURRENCY MARKETS

Dollar Drops Amid Demand for Yen

NEW YORK — The dollar sank against all major foreign currencies Thursday as demand for yen accelerated with the approach of Japan's new fiscal year.

"The dollar suffered continuous declines throughout the day," said Simon Fischer, a foreign exchange trader at Bear, Stearns & Co. "The currency was weak when we walked in the door, following its decline in Asian markets. And it was even weaker when trading closed."

The dollar closed in New York at 125.60 yen, down more than a yen from 126.85 at Wednesday's close, and at 1.6770 Deutsche marks, down from 1.6915. It closed at 5.6995 French francs, down from 5.7460, and at 1.3865 Swiss francs, from 1.3985.

It also dropped against the British pound, which closed at \$1.8420, compared with \$1.8370.

The dollar was also pressured by a prediction from Martin Feldstein, former chairman of President Ronald Reagan's Council of Economic Advisers, that it would plummet to 115 yen within 12 months, Mr. Fischer said.

Mr. Feldstein, now a professor at Harvard University, said in a

London Dollar Rates

Table with columns: Currency, Rate, and Change. Includes Deutsche mark, Pound sterling, Japanese yen, Swiss franc, and French franc.

speech late Wednesday that the drop would be necessary for the United States to balance its trade surplus by the early 1990s.

"The yen is still the central focal point," said a European bank dealer. "It has been purchased against all other currencies. I'm not so much a dollar bear as a yen bull."

The dollar closed at 125.80 yen in London, nearly a yen lower than Wednesday's close of 126.75, and at 1.6805 DM, down more than a penny from 1.6910.

It also lost ground against the British pound, which firmed to \$1.8415 from \$1.8350.

The pound retreated, apparently because it was tracking the dollar, dealers said. Trading in the pound was quiet as dealers awaited figures due Friday on Britain's balance of payments.

The yen's ebullient tone against

the dollar has intensified in recent weeks as data showing strong economic and monetary growth in Japan bolstered expectations of higher interest rates there.

The dollar's decline against the yen had been braked, however, by a belief that Japanese institutions and the Bank of Japan would buy dollars to keep the currency from falling too far by the end of Japan's fiscal year on March 31. If the dollar falls too far, Japanese institutions will have to declare losses on dollar-denominated assets.

Also contributing to the dollar's decline, European traders said, was the release of February figures showing a 0.9 percent rise in U.S. personal income and 0.7 percent growth in spending.

Dealers said the data were negative for the dollar because they suggested that imports will continue at a high level, contributing to the U.S. trade deficit.

In earlier European trading, the dollar was fixed in Frankfurt at 1.6863 DM, down from 1.6945 DM Wednesday, and in Paris at 3.7285 French francs, down from 3.7555. It closed in Zurich at 1.3897 Swiss francs, down from 1.4005. (Reuters, UPI)

South Korea Boosts Won Beyond 750 to the Dollar

By Kim Hyeon-Hee

SEOUL — South Korea pushed the value of its currency slightly higher Thursday, just beneath 750 won to the dollar, bringing the currency's appreciation to 5.6 percent this year compared with 3.7 percent for the whole of 1987.

South Korea has been under pressure from Western industrialized nations, particularly the United States, to revalue the won sharply and thereby cut the country's trade surplus. The country's overall trade surplus was \$6.55 billion in 1987 but was \$10 billion with the United States alone.

Seoul has responded with a gradual increase in the currency's value, arguing that a faster move would harm the domestic economy. The Bank of Korea, the central bank, set the currency's rate on Thursday at 749.90 won to the dollar, up about a half percentage point from 753.10 a week earlier.

The won has risen even faster against other major currencies this year, climbing 12.1 percent to 443.3 won to the Deutsche mark and 8.65 percent against the Japanese yen, to 591.18 won to 100 yen.

Talks between Seoul and the International Monetary Fund have been slowed by the question of how much the won should be allowed to increase this year, officials said.

South Korea wants to limit the appreciation to 13 percent against the dollar, arguing that the gradual rise and a planned increase in imports will cut its current account surplus to \$7 billion in 1988. This widest measure of a nation's trade, which comprises goods, services and certain financial transfers, more than doubled last year to \$9.8 billion from \$4.6 billion.

Earlier this month, Kim-hee Lee, chairman of the giant Samsung Group industrial conglomerate, said that the United States was pressuring Korea for "too much, too soon" on the question of revaluation.

the dollar is around the bottom," said Mr. Masaki of Dai-ichi.

Mr. Hirose said, "We might be sellers for a time, but not big sellers."

A more stable dollar and fewer purchases of U.S. securities by some insurers might also mean fewer dollars sold in the future to hedge foreign bonds, Mr. Masaki added. Hedging will cease to be cost-effective if the dollar stabilizes, he said.

Japanese institutional investors' purchases of foreign bonds in the first 20 days of March totaled \$1 billion to \$2 billion, a dramatic decline from February's \$11 billion, financial sources said. The drop was in line with pre-book closing patterns of Japanese institutional investors, market analysts said.

But insurers such as Dai-ichi, with about 20 percent of its portfolio in foreign assets, plan to slow growth in stocks and bonds denominated in foreign currency, life insurance sources said.

Japan's life insurers had about 2.24 trillion yen (\$17.6 billion) in exchange losses on foreign bond portfolios in the year ended March 31, 1987, the Japanese Life Insurance Association said.

Even if insurers sell dollars in April, analysts doubt that would directly affect exchange rates.

"Life insurers are big, but they're not big enough to move exchange rates around," said Ron Napier, an economist with Salomon Brothers Asia Ltd.

Japan's Life Insurers Say They Don't Plan to Sell Dollars

By Reuters

TOKYO — Japanese life insurance companies say they are not planning to sell dollars aggressively in April, although they do think the U.S. currency will ease in the coming year.

Jittery currency markets have been unnerved by rumors that Japan's powerful life insurers would launch a massive dollar sell-off after the lifting of accounting constraints related to the end of the 1987-88 fiscal year on March 31.

"We think the rumor is complete rubbish," said Toshihiro Hirose, Sumitomo Life Insurance Co.'s investment manager.

Under Japanese tax law, insurers must revalue holdings of unlisted foreign stocks and bonds at the end of the fiscal year on March 31 if the average yen rate for the month has appreciated more than 15 percent from the previous March.

Tokyo currency dealers said some life insurers had bought dollars aggressively this month to keep the currency from dropping below the crucial level of 126.83 yen, producing large dollar positions that insurers would have to unwind in April.

The average fixing rate for March as of Thursday's close on the Tokyo market was 127.95 yen, a Bank of Tokyo official said.

The dollar would have to average 123.13 yen or higher during the last five trading days in March to keep the month's average rate above the 126.83 trigger level.

Life insurers said most of their recent March dollar purchases were connected to bond buying activities, not to an outright bid to support the U.S. currency. As the insurers did some dollar buying in March, they also found some profitable opportunities to sell dollars to cut bond hedging costs, thus lightening their net dollar positions, they said.

"This month our new dollar investment will be almost zero. We are buying and selling dollars, but on a net basis we are neutral," said Hideto Masaki, senior assistant manager in Dai-ichi Mutual Life Insurance Co.'s international investment division.

Sumitomo Life Insurance bought dollars in March to purchase U.S. bonds, Mr. Hirose said. Because it also sold dollars through its foreign exchange dealing operation, it is not now carrying many excess dollars, he said.

"Our situation is the same as other life insurance companies," he said. "We have been buying and selling dollars in March."

Tomotiro Kawase, Nippon Life Insurance Co.'s senior manager, said that unless sentiment became extremely bullish and the dollar dropped drastically, it was unlikely that insurers would rush to sell dollars in April.

The dollar is likely to weaken further in the new fiscal year, but its decline is expected to be gradual and limited, Mr. Kawase said. His views agreed with those of other life insurance investment managers.

"A gradual decline is acceptable. We believe

A New Formula for Financing Film

Taxable Municipal Bonds Offer Bargain-Rate Loans

By Richard W. Stevenson

New York Times Service

LOS ANGELES — Tokai Bank of California, the U.S. subsidiary of Tokai Bank Ltd. of Japan, wanted to enter the field of lending to Hollywood film producers. Prudential-Bache Capital Funding was looking for new public financing techniques after tax-law changes severely restricted the use of tax-free industrial development bonds. Los Angeles County was seeking ways to keep entertainment industry jobs in the region.

Out of those diverse needs came an innovative plan to issue taxable municipal bonds, in the name of a county-sponsored agency, as a means of raising funds for bargain-rate bank loans to film producers.

The initial bond issue, for \$47 million, was completed earlier this month, and the first loan was issued to Thom Mount, an independent producer who is making a movie called "Tequila Sunrise" for Warner Brothers, a unit of Warner Communications.

All the parties say they came out winners.

Tokai Bank has used the process to gain a foothold in a very competitive loan market and has done so in a way that it hopes will help increase its return on assets.

Prudential-Bache has a new product that it believes can be used by other municipalities to foster growth in virtually any industry.

Los Angeles County feels it has fulfilled a pledge to support the entertainment business at a time when other regions are aggressively seeking to attract film production.

And Mr. Mount said the terms of his \$20 million loan could save him \$500,000 in interest payments and fees over traditional bank financing.

"That's serious money to us," Mr. Mount said. "It's safe to say I'm very enthusiastic."

The program is the brainchild of Carol Wakefield, who joined the Tokai Bank a year ago to build its

entertainment-lending business; Douglas R. Weid, who handles real estate lending for Tokai, and William E. Straw, a first vice president at Prudential-Bache.

This is how the plan works: Prudential-Bache issues taxable municipal bonds, actually commercial paper, under the name of Econ-

lock in the interest rate for nine months, providing more financial stability than the floating rate typical of most bank loans. For the initial loans, the commercial paper was sold at an effective annual interest rate of 6.9 percent and the rate to the borrower for nine months was 8.5 percent about half a percentage point less than a typical bank financing for the same type of film project, she said.

The structure of the deal is particularly attractive to the Bank of California, which, about \$1 billion in assets, are generated by the use of a lot of credit, the income from the is technically a fee rather than interest, Ms. Wakefield said. The fact, the deal does not have a booked as a loan on the balance sheet. The net effect is to increase the return on the institution's sets, an area where Tokai, like Japanese banks, has lagged.

Ms. Wakefield said the California bank hoped to generate \$1 million to \$350 million in financing for similar deals for movie producers this year.

Mr. Straw of Prudential-Bache said the technique would be limited to the entertainment industry. The investment banking company continues to explore the technique to finance real estate development, both in the Los Angeles area and elsewhere, and in other uses as well.

One potentially troubling twist to the plan is that the agencies involved review the proposals to help decide which deals will get financing. Some industry waders wonder whether comes perilously close to giving government censorship power.

But those involve in the disburse such fears, saying that agencies do not review scripts that all lending arrangements in industry involve a review of a ie's commercial viability.

A \$500,000 savings on interest is 'serious money' to us. It's safe to say I'm very enthusiastic.

Thom Mount, film producer

Development Corp. and Community Development Commission, both of which are nonprofit agencies established by Los Angeles County. The paper is backed by a letter of credit from Tokai, giving it the commercial paper equivalent of a AAA credit rating. The county and its agencies bear no financial obligation for the paper.

In return for associating itself with the plan, however, the county receives a fee of one-tenth of 1 percent of the amount raised. The low interest rate on the taxable municipal paper allows the bank to keep its cost of funds down and charge its loan customers a rate lower than that on a traditional commercial bank loan.

"We can provide them with access to a capital market normally reserved for those borrowing hundreds of millions of dollars," Mr. Straw said. "It's not as good a deal as a tax-exempt industrial development bond, but it's a better rate than commercial bank financing."

Another advantage, Mr. Wakefield said, is that the borrower can

BEAZER: British Firm Aiming for U.S. Connection

(Continued from first finance page) million of its own funds to finance a special cash payment to stockholders.

Investment bankers are closely watching the outcome of the Beazer bid as an indication of whether the rash of major takeovers by British corporations of American companies, so prevalent before last October's stock market collapse, will be revived this year. In 1987, British companies completed 262 acquisitions in the United States worth a record \$3.7 billion, according to Acquisitions Monthly, a trade journal. So far this year, 90 such acquisitions have been completed totaling \$1.6 billion.

Besides Beazer's bid, the other big trans-Atlantic British purchase pending is a \$4.6 billion offer by BAT Industries for Farmers Group Inc., a Los Angeles insurance company. "If the Beazer or BAT deals are completed, it may open the floodgates again for trans-Atlantic mergers," noted one London investment banker.

Beazer, in fact, was just about to launch its bid for Koppers when the October stock collapse forced the company to shelve its plan. Mr. Beazer spent nearly two-thirds of last year in the United States, overseeing a rationalization program for Gifford-Hill & Co., a Dallas-based cement and aggregates producer that Beazer bought in 1986 for \$285 million.

By early summer, his attention had turned to Koppers. "But we were looking at a lot of other companies in the U.S. well before that," recalled John Matthews, a director of County NatWest, the investment banking arm of the National Westminster Bank PLC.

Still, it was Koppers that most attracted Mr. Beazer. He scrutinized that company for several weeks, even visiting some of its 150 quarries. Koppers owns 2.6 billion tons of stone reserves and 218 million tons of sand and gravel reserves, construction "aggregates" used in road building and other heavy construction.

Apparently, Mr. Beazer came away impressed. Many Koppers quarries serve the key construction markets of New York state and Southern California. Ever tighter land-use restrictions on new quarry digging near urban areas, combined with the high transportation costs of shipping stone and gravel

long distances, make Koppers well-placed reserves look particularly attractive.

"Koppers has excellent aggregate reserves," Mr. Beazer said Tuesday in London. "And those reserves should only become more valuable over time."

With the bid pending and Beazer still hopeful that Koppers will eventually decide to accept its improved offer, Mr. Beazer is not saying much about his plans for Koppers. But he clearly believes he can improve the efficiency and profitability of Koppers.

"But there is no secret formula," he said. "It involves a lot of things, and close attention to detail. You just have to keep at it."

Beazer estimates that Koppers' operating profit margins before taxes in its aggregates business are about 10 percent, compared with nearly twice that for industry leaders such as Florida Rock and Martin Marietta Corp. In addition, the company has said it hopes to sell Koppers' chemical operations for about \$500 million if its takeover succeeds.

American analysts generally agree that there is scope at Koppers for improving profitability and trimming overhead costs. "There probably is a lot of fat that Beazer could get rid of," said Charles Rose, an analyst for Oppenheimer & Co. in New York.

At Gifford-Hill, which has been in the Beazer fold for 18 months, operating margins have already improved from 14 percent to 18 percent. In the past, Beazer's post-acquisition programs have included selective staff cuts, investment in modern equipment and selling off luxurious office buildings, which formerly housed headquarters staff of the purchased company.

Mr. Beazer's strategy is to make his company a global construction conglomerate in three main fields — house construction, contracting and building materials — with a substantial presence in three regions, Britain, the United States and the Far East. Within that design, a big American aggregates business like Koppers has two major attractions: geographic diversification and cash flow. Once in place, the aggregates business is a cash generator, not requiring large doses of capital. Thus, it meshes

Beazer Presses Koppers for a Merger Accord

By Reuters

NEW YORK — A groled by Beazer PLC of Britain says it is prepared to negotiate a merger in which it would acquire all of the stock in Koppers Co. for \$60 a share. A bid would value the U.S. building materials company at an estimated \$1.7 billion.

But in pressing for a merger pact in its letter Wednesday the group did not actually raise its latest unsolicited offer of \$56 a share, or nearly \$1 billion. Koppers rejected the bid Tuesday as inadequate, a defense, it also arranged \$1.13 billion credit line Tuesday to be used for a distribution to shareholders.

Beazer, a property developer and contractor, told Koppers in a letter that the firm could offer greater value than any other plan Koppers might be considering.

Beazer warned that its BVI Inc. unit, which is handling the bid, would sue to break an accord reached by Koppers' sell part of its businesses (part of a recapitalization.

nically with home building, with capital hungry.

Beazer, the fifth largest builder in Britain, is also eyeing further international expansion. "Beazer is moving abroad to the impact of domestic housing construction cycles," said Chris Brzeskwiniski, an analyst at H. Govett Ltd. in London.

The company has made modest inroads to date in the East. It has a Hong Kong contractor, Kier Kin Sun, and recently entered into a joint venture with Itoh & Co., the Japanese contractor, to pursue major construction projects in Japan.

"Its Far East operations small so far," noted Mr. Will of Phillips & Drew, "but it's an example of Brian Beazer looking for opportunities."

Oil Prices Rise Again on Hope Stirred by OPEC

By Reuters

LONDON — The price of North Sea Brent, the most widely traded international crude, rose 30 cents a barrel Thursday in Europe on hopes engendered by the scheduling of an OPEC meeting.

Although prices fell from their highs, Brent blend for delivery within 15 days closed 30 cents higher at \$15.50 a barrel.

On the New York Mercantile Exchange, the May contract for West Texas Intermediate, the benchmark U.S. crude, closed at \$16.97, up 11 cents after rising nearly 50 cents on Wednesday.

Prices have risen steadily since Wednesday, when Rifwan Lukman, president of the Organization of Petroleum Exporting Countries, said the cartel's price monitoring committee would meet in April. The market hopes OPEC will defend its \$18 a barrel target.

Advertisement for International Duty and Tax Free Seminar, London, April 15, 1988. Includes program details, registration information, and contact details for Peter R. Wenban & Associates.

Advertisement for World Stocks in Review, featuring a concise overview of trading on major world stock markets during the previous week and a look at likely developments ahead.

icing... n-Rate Loan

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Thursday's OTC Prices

Table of OTC prices for various stocks, including columns for stock name, price, and volume.

Table of stock prices for various companies, including columns for stock name, price, and volume.

Table of stock prices for various companies, including columns for stock name, price, and volume.

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Table of stock prices for various companies, including columns for stock name, price, and volume.

West Germany Plans Issue of New Bank Notes

FRANKFURT — West Germany plans gradually to issue a new series of bank notes, the country's central bank said Thursday. The Bundesbank said that the value of money would not be changed and that "this is merely a change of their outer appearance." The bank notes in circulation were mostly issued from 1961 to 1965. They are among the hardest in the world to counterfeit, but recent developments in printing technology require vigilance, the Bundesbank said. The quality of bank notes must also be improved to suit the growing number of machines that accept paper money. Existing bank notes will remain legal tender when the first notes are issued, probably in about two years' time, and no one will be forced to exchange their money at once.

FUTURES AND OPTIONS IN THE HT EVERY TUESDAY. UP-TO-DATE ANALYSIS OF TRENDS IN THE COMMODITIES AND FUTURES MARKETS — WORLDWIDE

Advertisement for EUROFIMA ECU 125,000,000 7 5/8% Bonds due 1995. Includes offering price, interest, and repayment details.

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Advertisement for Deutsche Bank Capital Markets Limited, listing various international partner banks.

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Handwritten notes on the left margin: 'CS', 'V DAY', 'V OF', 'OR', 'KETS', 'JUS', 'AT', 'VTS', 'E', 'TORS', 'S'

SPORTS

New Zealand Puts to Sea in America's Cup Challenge

AUCKLAND, New Zealand — New Zealand's super-maxi class challenger for the America's Cup, the premier yachting trophy, made its first appearance Thursday in Auckland Harbor.

Named New Zealand, the yacht, 90 feet (27 meters) at the waterline and completed in only 24 weeks, was skippered by David Barnes, the world 12-meter champion.

Michael Fay, head of the New Zealand syndicate, was also on board as the yacht made its early morning appearance to begin series of preliminary trials.

Fay and Barnes both expressed satisfaction with the way New Zealand performed. "Everything so far is good," said Fay. "We've got to learn how to sail the boat, but everything went without hitches today."

Barnes was delighted with the way the big boat handled. "To get to the stage where you can put up the spinnakers and go downwind was really exciting."

Since January, more than 50 crew members have been in training to man the yacht, which will face the San Diego Yacht Club's defender one-on-one off California in September.

The New Zealand will be shipped to the United States on May 2, and will be based off a floating barge in San Diego. The 57-member crew and backup squad will leave Auckland in mid-May, New Zealand team officials said.

The cup match is expected to be a best-of-three series.

New Zealand, which resembles a sting ray, weighs about the same as a traditional 12-meter (39-ft) class America's Cup yacht, but has three times the surface area.

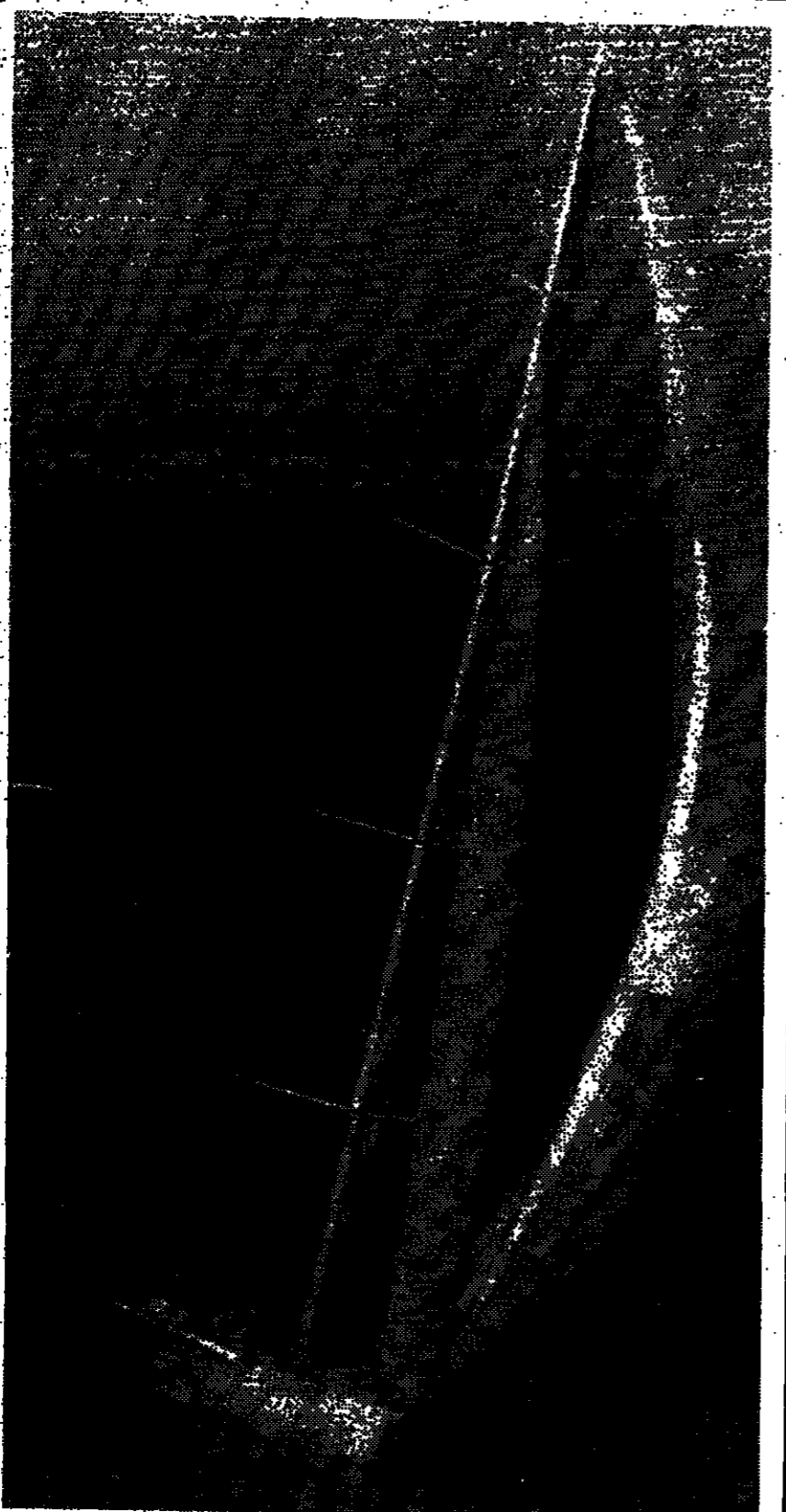
The yacht is built of a carbon fiber compound often used in the aerospace industry. Fay's previous challenger, Kwi Magic, lost to Dennis Connor's San Diego Yacht Club entry Stars and Stripes in the challenge finals off Fremantle, Australia, early last year.

Connor went on to win the cup from Australian defender Kookaburra III.

Fay's Mercury Bay Boating Club forced the San Diego Yacht Club into an early defense of the cup with a legal challenge based on a literal interpretation of the 100-year-old document that governs cup competition.

In November, a New York court ruled in favor of Fay's challenge for a big boat competition in 1983, scuttling plans for a 1991 regatta in 12-meter yachts, the class that has been used to decide the America's Cup for the past 30 years.

Connor still will defend the cup, but plans to sail in a multi-hull yacht, which Fay claims is against the rules.



The New Zealand starting trials Thursday in Auckland Harbor.

Zurbriggen Takes Super-Giant Title

The Associated Press SAALBACH, Austria — Martin Hangl of Switzerland won the ski season's last men's super-giant slalom Thursday and teammate Pirmin Zurbriggen clinched the World Cup title in the event, while Michaela Figini, also of Switzerland, took the women's overall title when the last downhill was canceled.

Zurbriggen finished fifth in the race and overtook Markus Wasmeier of West Germany in the final super-giant standings with a total of 58 points. Wasmeier had a disappointing run and finished a distant 18th out of the points range. The West German settled for second place with 57 points.

It was the second World Cup title for Zurbriggen this season, coming after his triumph in the downhill earlier this month. Zurbriggen also took the super-giant title last season, when he won all events except the slalom.

By earning 11 points in the super-giant, Zurbriggen also gained a two-point lead over Alberto Tomba of Italy in the provisional overall standings, 283-281.

But Tomba, who tied for ninth place in the super-giant and collected seven points, is a clear favorite in Friday's giant slalom and Saturday's slalom, the two events in which he won gold medals at the Winter Olympics in Calgary last month.

This season, Tomba has won six slaloms, taking the slalom World Cup title, and three giant slaloms. The Italian is in an excellent position to crown his season with his first overall title when the World Cup chase ends this weekend.

Zurbriggen conceded that Tomba was the favorite. "I was hoping to take 10-12 points from Tomba but I made a big mistake and nearly fell," he said.

Tomba too, was unhappy with his run. "I was slow in the flat parts and the visibility was not too good," he said.

Hangl, 25, won his first World Cup race by mastering the technically demanding Zwofler course in one minute, 24.43 seconds. The course had 41 gates and a vertical drop of 595 meters (yards).

"I had a couple of small mistakes, but that always happens when you attack," Hangl said. "I knew I had to go all out because the others had fast times."

Hangl started 27th and led a good showing by skiers outside the top-seeded group, who had nine finishers in the top 15.

Hubert Strolz of Austria, who was already celebrating before Hangl came down, had to settle for second in a time of 1:24.96. Marc Girardelli was third in 1:25.02.

"I was tired, I couldn't go faster," Strolz said. "We've been away from home for many weeks and I really had to concentrate hard."

Olympic champion Franck Picard of France, who also had a shot at the super-giant title, lost his chance when he finished seventh in the race with a time of 1:25.90 and ended up third in the event with 54 points.

Earlier, Figini clinched her second overall title without ever having to compete. She was declared the winner when the organizers were forced to cancel Sunday's downhill, the last women's race.

The cancellation of the season's ninth downhill also meant that Figini took the World Cup title in that discipline.



Rivals for the overall World Cup ski championship, Alberto Tomba of Italy, left, and Pirmin Zurbriggen of Switzerland at the finish line Thursday in Saalbach, Austria, after the super-giant event.

2d-Ranked Soviet Figure Skaters Snatch Pairs Title From Compatriots

The Associated Press BUDAPEST — In a dramatic ending to their career, Elena Valova and Oleg Vasiliev, the second-ranked Soviet duo, came from behind to win the pairs title in the World Figure Skating Championships.

Valova, 25, and Vasiliev, 28, took their third world crown, upsetting the heavily favored Ekaterina Gordeeva and her partner, Sergei Grinkov. Gordeeva fell on a triple Salchow.

Gordeeva and Grinkov finished second, while Larisa Selezneva and Oleg Makarov completed a Soviet sweep.

In fourth place were Americans Gillian Wechsman and Todd Waggoner.

Valova, who still was recovering from a serious foot injury in January, contained tears of joy.

"This was our farewell competition," said Valova, who with her partner is retiring from amateur skating. "We are extremely happy because we faced a more difficult task than in any other competition."

In the pairs, it was the first time the ever-dominant Soviets have captured all three medals since the World Championships in 1969.

Gordeeva and Grinkov had been seeking their third straight world title and a repeat of their Olympic triumph last month. But both were suffering from colds in Budapest, and seemed off their usual form.

On Thursday, Katarina Witt of East Germany took the women's lead after the compulsory figures, while Brian Boitano of the United States surged ahead with a dynamic short program after one key opponent stumbled and the other dropped out because of injury.

"This is the first time that I have really enjoyed the figures, not only because I was winning but because it was the last" of her amateur career, Witt said after she edged Liz Manley of Canada and rival Debi Thomas of the United States in the discipline that counts for 30 percent of the total score.

The last time the 22-year-old Witt won a world figures competition was 1984.

To symbolize her ultimate triumph, Witt made a big show before reporters of hanging up on the wall the skates she has used to trace variations of the figure 8.

Thomas, 20, of San Jose, California, who was beaten in the Olympics by Witt and Manley, made no effort to hide her disappointment.

"I'm a nervous wreck," she said after placing fourth in the last of three figures behind two mediocre third-place finishes. "I just kind of want to get this over with now ... I want to go home."

Her teammate, Boitano, however, could not conceal his elation. "It was one of the best short programs of my life," he said.

Third after the school figures, Boitano executed a near-perfect series of the seven required moves.

In second place after the short program, despite a stumble on a jump, was Poland's Grzegorz Filipowski. The Pole was behind Soviet leader Alexander Fadeev coming out of the figures, but Fadeev dropped out at the last second because of a groin injury.

British Track Officials Protest Budd Suspension

The Associated Press LONDON — Zola Budd's international running career was dented into more turmoil Thursday when the South African-born British national found herself at the center of a complex dispute over her eligibility to compete in the United States.

A week after withdrawing from Sunday's world cross-country championships in Auckland, New Zealand, amid allegations that she violated international rules by competing in South Africa last year, Budd, 21, was effectively barred from U.S. competition.

British track officials were furious. "This is totally out of order," said Tony Ward, a spokesman for the British Amateur Athletic Board, in response to a directive sent to the Athletics Congress, America's track organization, from the sport's governing body.

"Zola is perfectly entitled to take part," Ward said. "We are extremely angry."

On Wednesday, The Athletics Congress, said it had been told by the International Amateur Athletic Federation not to let Budd compete in the United States pending an April 15 official hearing in her

international status and eligibility. It said a letter from IAAF general secretary John Holt stated that the British track officials "could not guarantee Zola Budd's eligibility following her activities in South Africa in 1987."

"Without this permit," Holt said, "any participation by the athlete is against IAAF rules and we ask you to notify meeting organizers of this fact."

The directive means that Budd will be unable to compete this weekend in a 10-kilometer road race in New York.

Ward said the IAAF had no right to imply that Britain's track authorities were opposed to Budd running. He said he had urged the world body to lift the suspension.

Budd's withdrawal from the world cross-country championships stirred off a mounting political boycott by black African nations and the threat of organized anti-apartheid demonstrations throughout New Zealand.

But she categorically denied that she had competed last June in South Africa, which was suspended from international competition by the IAAF in 1976 because of its racial policy of apartheid.

SCOREBOARD

Table with columns for Basketball, Hockey, and National Hockey League Standings. Includes sub-sections for EAA Schedules and National Basketball Association Standings.

World Cup Skiing

Table showing women's and men's results for the World Cup Skiing event, including names of skiers and their times.

Tennis

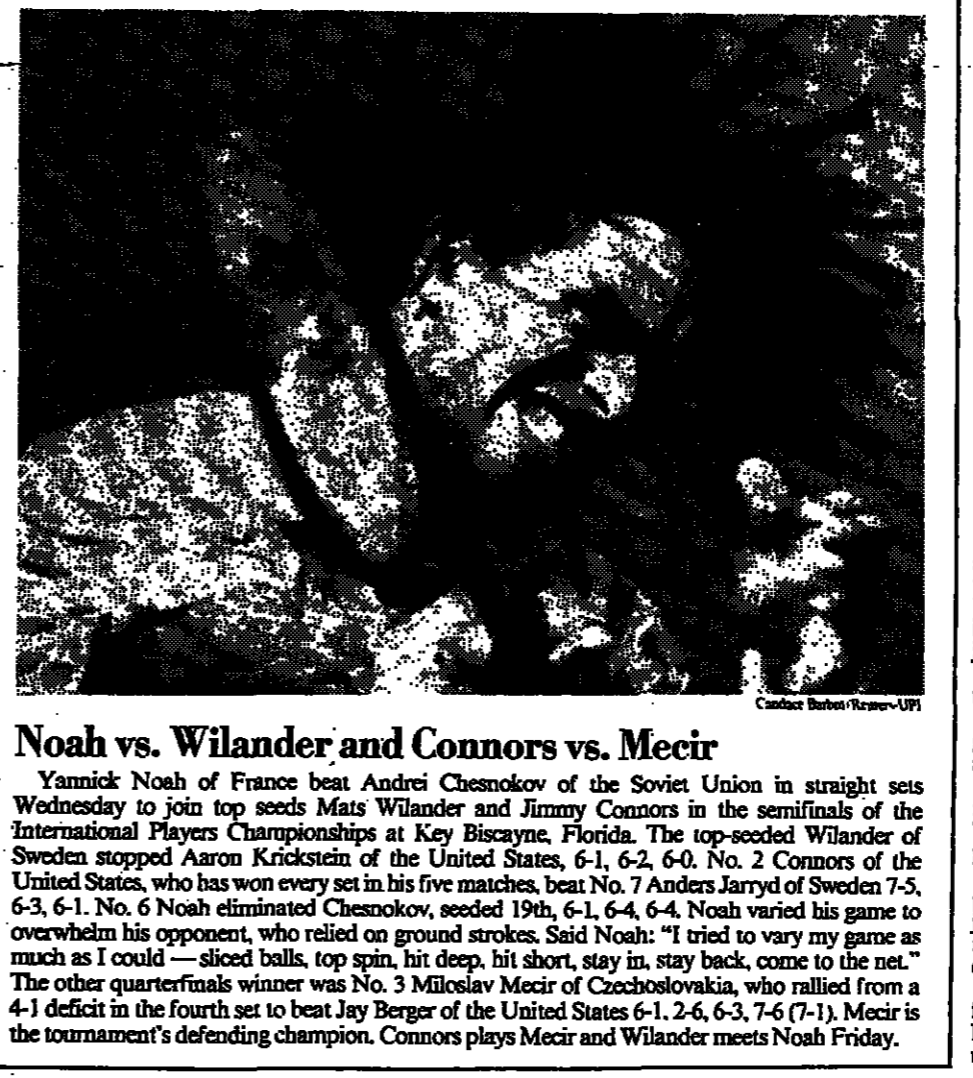
Table showing tennis results for the World Championships, including names of players and match outcomes.

Figure Skating

Table showing results for the World Championships in Figure Skating, including names of skaters and their scores.

European Soccer

Table showing international friendly soccer matches between European teams.



Noah vs. Wilander and Connors vs. Mecir

Yannick Noah of France beat Andrei Chesnokov of the Soviet Union in straight sets Wednesday to join top seeds Mats Wilander and Jimmy Connors in the semifinals of the International Players Championships at Key Biscayne, Florida.

The top-seeded Wilander of Sweden stopped Aaron Krickstein of the United States, 6-1, 6-2, 6-0. No. 2 Connors of the United States, who has won every set in his five matches, beat No. 7 Anders Jarryd of Sweden 7-5, 6-3, 6-1. No. 6 Noah eliminated Chesnokov, seeded 19th, 6-1, 6-4, 6-4. Noah varied his game to overwhelm his opponent, who relied on ground strokes. Said Noah: "I tried to vary my game as much as I could — sliced balls, top spin, hit deep, hit short, stay back, come to the net."

The other quarterfinals winner was No. 3 Miloslav Mecir of Czechoslovakia, who rallied from a 4-1 deficit in the fourth set to beat Jay Berger of the United States 6-1, 2-6, 6-3, 7-6 (7-1). Mecir is the tournament's defending champion. Connors plays Mecir and Wilander meets Noah Friday.

At NCAA, All's Serenity With Purdue

PONTIAC, Michigan — Gene Keady of Purdue shows none of the nervous tension that envelops college basketball coaches in the NCAA Tournament.

The Purdue head coach couldn't appear more relaxed as his team prepares for its Friday NCAA Midwest regional matchup against Kansas State. Purdue overwhelmed Kansas State in the regular season, 101-72.

"I'm just being myself," Keady said. "Basically, if I'm not as uptight — and my wife would probably disagree with you about that — it's because of my players. It's just a joy being around them."

"This is probably the most aware team I've ever had. I've said many times they know more about what's going on in the outside world than any other team I've ever had."

Purdue, top seed in the Midwest, is a team led by seniors — guards Troy Lewis and Everett Stephens plus forward Todd Mitchell.

Center Melvin McCants has improved as the season progressed, junior forward Kip Jones is a well-rounded player and the Bollemakers' bench has performed superbly.

Purdue outlasted the Big Ten field and has advanced to the NCAA Regionals for the first time under Keady, in his eighth year.

INTERNATIONAL CLASSIFIED (Continued from Back Page) - A large section containing various travel and service advertisements for international destinations like London, Zurich, and Geneva.

OBSERVER

Fast-Food Paradise

By Russell Baker

NEW YORK — Burgville is a fast-food town. You come in from the east, half mad with hunger after the long drive from Washington, and suddenly it's all spread out along the highway in front of you, and you cry, "Paradise at last!" Burgers, chicken, pizza, fries, and then more burgers, more chicken, more pizza, more fries. And that's not all. There's souvlaki. That's right: souvlaki right here in Burgville. I've heard the old-timers, the kind who pick their teeth with hay while squeezing another million out of real-estate developers — I've heard those old-timers say, "Never thought I'd live to see the day you could get souvlaki in Burgville."

And that souvlaki is not just slow souvlaki such as they might serve in Athens at a three-star restaurant called The Acropolis. It is fast souvlaki. They pop it to you just as fast as if it were burgers, chicken, pizza, fries. Got enough patience to look around before driving in and stuffing the old gullet? If so, you might take the left just beyond the third fast-chicken palazzo and drive up to the fast-biscuit place where they do things with eggs on biscuits so fast it's hard to believe. When we moved to Burgville from New York we had trouble adjusting to the local habit of fast eating. We didn't even realize that that nutritious highway on the east side of town was for eating when we first saw it. After first gazing upon it, I rushed to the Burgville Planning Commission and cried, "I have seen Developer Hell, and it makes me sick."

Soon I was eating as fast as the next Burgville gourmet. Fast burgers, fast chicken, fast pizza, fast biscuits with fast eggs, fast souvlaki — down it went fast, and it stayed down even when I paused long enough to study the disgusting products with which developers and architects tirelessly struggled to affront all sense of decency. The other day I noticed something completely different in architectural catastrophe being erected out there, and I believe it is intended to house yet another fast-food dispensary. Imagine a pile of dark gray boulders utterly without charm, some plate-glass windows and a brilliant red roof shaped to remind you of the house where the witch imprisoned Hansel and Gretel.

Can this amazing eyesore be anything but another fast-food eatery? I eagerly await its completion and offer daily prayers that it will provide Burgville with some fast seafood. A month or so ago I thought we were getting fast seafood at last when a developer pounced on an unimproved tract of land near the center of town, confined in asphalt and started erecting buildings covered with blue pastel tile-like materials. The design suggested the gents' room in a second-class hotel, as well as a modern architect's dream of what a fast-seafood joint ought to look like.

Alas, it turned out to be only a miniature "shopping center" with no fast food at all, much less fast seafood. Barring aerial bombing by crazed environmentalists, development of the fast-food end of town is nearly complete. With the new veterinary hospital, which looks like the Parkington, going up between the new beauty parlor, which looks like the Monticello, and the new and-iron-and-firescreen shop, which is shaped like a gigantic tepee, there is not much room left out there for a fast-seafood place. Such is the horror of uncontrolled growth: a town of 10,000 people without a fast-seafood joint. No wonder people turn into preservation extremists, or extreme preservationists, as the case may be. Heaven forbid I should ever stoop to making messes for profit. Still, fast seafood makes its demands.

Frank Tuohy's 'Foreign' Tales

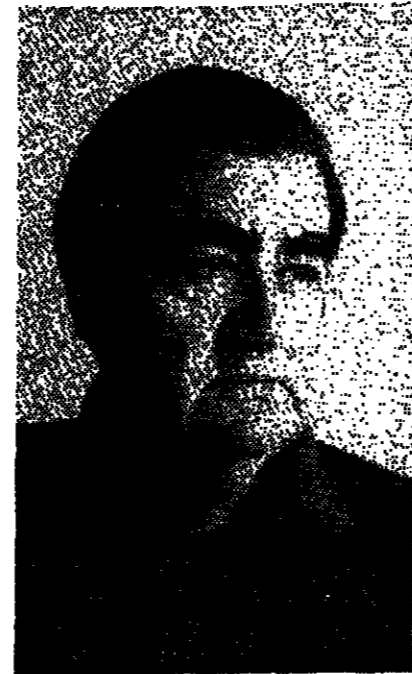
By Christine Chapman

TOKYO — "If you live in a country where manners and social behavior are all-important, it's hard to write anything more than superficial because people are so predictable," Frank Tuohy said about Japan and the problem of using Japanese as characters.

The English novelist and short story writer John Francis Tuohy, back in Japan for a second stint of university teaching, regards the country with the disappointment of a foreigner who lived here in the good old days, when the yen was cheap and travel an un-crowded adventure. For Tuohy they were the 1960s, from 1964-1967, when, sponsored by the British Council, he taught English literature at Waseda University and traveled throughout Japan and into China to write a series of articles for the Western press.

During an interview in his apartment, Tuohy said "I'm an up-and-downer about Japan. I like my students very much indeed, but Tokyo has lost an awful lot of what was pleasant before, a quality of village life. Japan was a better place for foreigners then."

Tuohy has devoted three novels and three collections of short stories to writing about foreigners who live in other countries, some better, some much worse than their native places. Beginning with Finland after his graduation from King's College, Cambridge, in 1946, Tuohy has taught or traveled in and written about Brazil, China, England, India, Ireland, Japan, the Philippines, Poland, Portugal, Thailand and the United States. (He speaks French, Portuguese, German, a bit of Greek and shopping Japanese.) Born of an Irish father and a Scottish mother in England in 1925, he has been a traveling scholar for more than 40 years. His tales about the behavior of expatriates and the places that affect them have won high praise from critics and fellow writers such as Graham Greene, C.P. Snow, Julia O'Faolain, Shirley Hazzard and Muriel Spark. Of his short stories, now published as "The Collected Stories" by New York's Holt, Rinehart & Winston and London's Jonathan Cape, he has written for Penguin in 1986. Spark has issued: "Frank Tuohy is truly an artist. He can create a world of humor and pathos without making jokes or asides." Tuohy's partiality is for the weak, the browbeaten, the disenchanted, Oppressed and oppressive Poles; poor, fanciful Brazilians; abused Central American prostitutes; tongue-tied English schoolboys, all come alive in memorable stories about unimportant people. Yet, there is a spicy malice to Tuohy's descriptions of Japanese — and Americans — and in his engagingly witty, satirical portrayals of the powerless. He does for the Japanese and Americans what he has so sharply performed on pretentious Englishmen: He places them in a subtle comedy of manners that is sometimes touched by tragedy or sordid confessions. A Japanese university student in "The Bro-



Writer Tuohy: Fitting in unused places.

ken Bridge" commits suicide because he fears he may be homosexual when his American teacher casts him in such a role in a play. In "A Summer Pilgrim" a young Japanese woman, ill after a lamb dinner served by her English hostess, submits respectfully to an elderly English poet's sexual proings. At a drunken faculty party in "Evening in Connecticut" an appalled Englishman listens to his American host speak of a Lolita complex. Tuohy has ignored neither monsters nor misfits in his prose, which he honed to a fine edge. His writing does not call attention to itself but to the characters, the emotion, the situation, the place.

"Short stories seem to appear, to suddenly turn up. It's a sort of itch," he says, "I see a situation suddenly. When I write short stories, I feel as if I don't have to make anything up. The contrivance in novels I don't like. It is in the stories that Tuohy is most at home, where he makes a sudden impact on the reader in sentences that evoke instant recognition, as in the Japan stories: "For the foreigner in Japan, there is no blame: there are only mistakes." "Miss Hitomi guessed herself to be present at one of those compulsive bouts of self-exposure that Westerners go in for."

"The Japanese and the Americans often find exactly what they want in each other. There is a marriage, born under clouds of disaster, that has proved to be of great convenience." His first story collection, "The Admiral and the Nuns," earned him the Katherine Mansfield Short Story Prize in 1960. His two others, "Fingers in the Door" and "Live Bait," with his prize-winning novel "The Ice Saints," together with the novels "The American Game" and "The Warm Nights of January" and a 1976 biography of William Butler Yeats won the American critic Peter Prescott to rank him among the six best writers of English today. In 1964 "Ice Saints," about an English girl who visits her sister and her Polish husband in contemporary Poland, won both the James Tait Black Memorial Prize and the Geoffrey Faber Memorial Prize for best novel of the year. Tuohy is reluctant to talk about prizes and honors and work completed or in progress. "I can't leave words alone. I write very, very slowly with lots of revisions." He is self-effacing and shy, perhaps emulating his late father, an Army physician who served at both Gallipoli and Dunkirk. "Like many people with interesting lives my father didn't like talking about it," he said. He will tell one anecdote about himself: "Until I was 35 years old," Frank Tuohy begins as he might a short story. "I went around with a hole in my heart. Then I was a guinea pig in a teaching hospital in London when a young American doctor said to me: 'I've never seen one as old as you!' In 1960 the hole was stitched up, for free, but because of it I couldn't get a regular job." So he began to teach abroad, often placed by the British Council, at the universities of Krakow, São Paulo and Waseda in Tokyo. Today he holds a full-time position in the English Department of Rikkyo University (St. Paul's) and lectures part-time at Waseda. In his writing class at Rikkyo he assigns students to keep a diary in English for a few days. Intriguing examples of confessional literature turn up. "The girls especially write in the tradition of Lady Murasaki, author of the 11th-century 'Tale of Genji.' One girl wrote extremely well about her father's first killing her brother when they were both drunk over the New Year's holiday." Of Japanese professionals, Tuohy admires the "3-D world" of Junichiro Tanizaki, author of "The Makioka Sisters," and Morio Kitao, who wrote "The House of Nire." He's "not keen" on Nobel Prize-winner Yasunari Kawabata. "I don't like the winner. I like the solid." When he retires from teaching in the summer of 1989, Tuohy will return to England where he is restoring a barn in Somerset to live in. On weekends and academic holidays in Japan, he is working on a novel. "It goes very slowly," he admitted. "I'm set in England, but it goes abroad too. I'm trying to fit in the places I haven't used yet."

Christine Chapman is a Tokyo-based journalist who specializes in the arts.

PEOPLE

Publisher Wins Suit

The publisher Robert Maxwell won substantial damages in the High Court in London on Thursday for a "devastating catalogue of libels" contained in an unauthorized biography of him. The undisclosed damages will be donated to a London children's hospital, Maxwell's lawyer, Richard Rampton, told the court. Rampton said the book, "Maxwell: A Portrait of Power" by Peter Thompson and Anthony Delano, contained more than 30 serious libels and was "wholly destructive of Maxwell's character and reputation." Maxwell said he was still pursuing a legal action against another unauthorized biography, "Maxwell: The Outsider," by Tom Bowler.

The Domino's Pizza magnate Tom Monaghan is opening his collection of more than \$30 million worth of Frank Lloyd Wright creations to the public this week. Monaghan, president of Domino's and owner of the Detroit Tigers, said he has been "evangelizing" about the architect for more than 40 years, so "it seems natural for me to open the first museum devoted to his work." He is inaugurating the National Center for the Study of Frank Lloyd Wright in Ann Arbor, Michigan, with a symposium. The museum will open Saturday.

Pierre Salinger, president of the jury for the annual Prix Paris Hemingway award, said Thursday the prize for the best novel published in English during the year would not be awarded in 1988 because none of the nominees received a majority of votes. The \$50,000 prize money will be donated to charity, as stipulated under the foundation's rules. The three nominees for this year's prize were Nadine Gordimer for "A Sport of Nature," Toni Morrison for "Beloved," and "In the Skin of a Lion" by Michael Ondaatje.

Malcolm Forbes, the publisher of Forbes Magazine, has bought a barony connected to the Clan Forbes of Scotland and can add a title to his name if he likes, says Burke's Peerage. "Forbes can apply to the Scottish Court of Chivalry in Edinburgh for a coat of arms, which I think he is going to do," Harold Brooks-Baker, publishing director of the British guide to bluebloods, said. "I do not intend to use the title." The Abbeck Press and Journal quoted Forbes saying, "His father was born in Wiltshire in 1880. I thought would be great to have the title back in the Forbes family when originated."

More than 200 residents of Cape Cod, Massachusetts, turned out to debate actress Jane Fonda's plan to make a movie in Chippewasett, a third New England town where residents are still upset about a stand against the Vietnam War. "I'll forget Vietnam when I see Fonda answers this country in kind," Clayton Hoeh, a Vietnam veteran and double-amputee, chaired at a public hearing held the Board of Aldermen. The panel called the hearing to gather public comment on a proposed non-binding resolution supporting various groups to keep Fonda from using the community to film scenes for the film "Union Square." The board put off a vote on resolution following the three-hour hearing.

An exiled Soviet artist painted a picture of Mickey Mouse has incurred the wrath of the Disney Co. Mikhail Chelmskii, who wrote to the Disney chair Michael Eisner inviting him to other company officials to see painting "Sorokin Soup," then display at the Bowles-Sorokko Gallery in Beverly Hills, Calif. Instead, he said, he was aware with a legal response saying only world Disney not accept invitation to look or buy, the company objected to the gallery display and to any attempt to sell painting because the face of Mickey Mouse belongs to Disney alone. "It is sad and ironic that an artist who was forced out of the Soviet Union because of political censorship for his artwork would go to the West and be hit by copyright here," said the gallery co-owner, Serge Sorokko, who added the painting since has been taken off show. Sorokko said the New York-based artist, who came to the United States in 1978, chose image of Mickey Mouse as a tribute to the late artist Andy Warhol, who reveled in pop icons, a certainly not to rip off the Disney name. "Mickey Mouse symbol of America. Their proach is just totally ludicrous, Sorokko said.

TODAY'S INTERNATIONAL REAL ESTATE MARKETPLACE. Appears on page 10.

ANNOUNCEMENTS. SUNDAY NEW YORK TIMES, 8100 Broadway, New York, NY 10019.

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